**CITY OF RYE, NEW YORK**

# *2003 Financial Trends Report*

**Fiscal Years Ended December 31, 1994 through 2003**

**CITY OF RYE, NEW YORK**

# 2003 Financial Trends Report

## Fiscal Years Ended December 31
## 1994 through 2003

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CITY OF RYE FINANCE DEPARTMENT
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CITY MANAGER

<u>Michael A. Genito</u>
CITY COMPTROLLER

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**CITY OF RYE**
**Department of Finance**

# TRANSMITTAL LETTER

August 6, 2004

To the Honorable Mayor, City Council and City Manager of the City of Rye, New York:

Submitted herewith is the 2003 Financial Trends Report for the City of Rye, New York, covering the ten-year trend period for fiscal years ending December 31, 1994 through December 31, 2003.

This report consists of this transmittal letter, an introduction, an executive summary, and the graphic representation and analysis of selected financial indicators for our governmental and business-type operations. Governmental operations include those accounted for in our General Fund, Cable TV Fund, Nature Center Fund, K.T. Woods Permanent Fund, and Debt Service Fund. Business-type operations are those accounted for in our two enterprise funds, the Boat Basin Fund and the Golf Club Fund.

The indicators presented herein should be taken in the context and consideration of all the indicators, the financial results supporting those indicators, and information from other sources such as our annual budget document and the annual department reports to the City Manager. No single indicator stands on its own as a representative picture of a trend. Rather, each indicator adds to the collage, which when viewed in perspective presents a fuller understanding of our general fiscal health.

We selected the indicators from publications of the International City/County Management Association ("ICMA" – http://www.icma.org/), the Government Finance Officers Association ("GFOA" – http://www.gfoa.org/), and Moody's Investors Service (http://www.moodys.com/).

We look forward to your comments and questions, and especially any suggestions you may have that might improve the reading of this report or the analysis and use of its contents.

Very truly yours,
CITY OF RYE

Michael A. Genito
City Comptroller

# INTRODUCTION

## *Purpose of the Financial Trends Report*

The Financial Trends Report allows a user to view in graphic form the financial direction our City appears to be taking based upon key financial indicators. The report may assist in the development of budgets, forecasts, and other useful financial tools.

## *Evaluating the Information*

This report should be viewed in its entirety, considering the individual indicators and trends represented by them as parts of a whole. No single indicator can present the complete picture. For instance, an operating deficit (where expenditures exceed revenues) by itself may appear to be a negative result. However, some deficits are planned to reduce excessive fund balance through the funding of needed or desired programs. Likewise, a stable tax rate and tax receipts may appear to be a positive trend, but when taking into account the effects of inflation, the purchasing power of those dollars may be declining. In short, do not judge any individual factor by itself.

## *Sources of Information*

The Financial Trends Report was created using *Evaluating Financial Condition - A Handbook for Local Government* (ICMA, 1994), *1997 Medians - Selected Indicators of Municipal Performance* (Moody's Investors Service, 1997), and a number of other accounting and financial sources as guides. The indicators selected are popular, but by no means the only indicators that can be used as tools in evaluating the financial and economic health of a community.

Financial data was taken from our comprehensive annual financial reports. Information as to the number of actual employees in service at year-end was taken from our annual budget documents. Population estimates are per the U.S. Census Bureau (http://www.census.gov/). The consumer price index used in calculating dollars adjusted for inflation is the Consumer Price Index - All Urban Consumers ("CPI-U"), not seasonally adjusted, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA for all items with a base period of 1982-1984=100, per the Bureau of Labor Statistics (http://www.bls.gov/). Equalization rates were as provided by Westchester County for New York State municipalities.

## *Trend Period*

The trend period is a ten-year period ending with the most recently completed fiscal year. The reader is encouraged to review the trend graphs in context with the data presented, the interperiod fluctuations, and accompanying analysis.

## *Numbering Conventions*

All dollar figures are in U.S. dollars. Ratios are either presented as percentages (a percent of some number) or coverage (how many times to one). Where appropriate, dollar value trends are displayed in both actual amounts and in constant dollars. Constant dollars are calculated using the CPI-U of the first year in the ten-year trend period as the base ($1 = $1) index, and dividing each successive year's CPI-U by that base to adjust for inflation.

## *Operating Revenues and Expenditures*

Operating revenues include all revenues except for operating transfers in and "one-shot" revenues. One-shot revenues are defined as those revenues that are material in nature and unexpected or unlikely to occur again. The one-shot revenues in actual dollars excluded from our revenue numbers are: a $1,525,439 gain from the sale of the Parson's Estate in 1995; a $180,480 gain from the foreclosure sale of 6 Ellis Court in 1996, and a $605,663 one-time state aid payment received in 1996. Operating expenditures do not include transfers out to other funds.

## *Funds Represented*

This report consolidates the governmental activities (General Fund, Cable TV Special Revenue Fund, Nature Center Special Revenue Fund, K.T. Woods Permanent Fund, and Debt Service Fund) into a single group called "general government operations", and separately reports on the City's two business-type activities – the Boat Basin Enterprise Fund and the Golf Club Enterprise Fund.

## *Change from Prior Financial Trends Reports*

This report is significantly different from prior Financial Trends reports in the presentation of general government debt indicators. The definition of general government debt did not previously include debt accounted for in the Building and Vehicle Maintenance Internal Service Fund, because it is a proprietary fund and we considered its operations to be similar to a private business enterprise. Our recent implementation of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* has caused us to revisit this position, classifying the activities of that fund and its debt as governmental, rather than business-type. Prior year data (outstanding debt, debt principal and interest, etc.) used in these indicators has been restated for interperiod comparability.

## *A Substantial Change in Future Financial Trends Reports?*

The GASB (http://www.gasb.org) is the authoritative accounting and financial reporting standard-setting body for state and local governments. Two new standards recently established in GASB Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 44, *Economic Condition and*

*Reporting: The Statistical Section*, along with another standard soon to be released on *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB") might have a significant impact on the content and format of future Financial Trends reports.

GASB 34 materially changed local government reporting, requiring that the local government present the entire government's activities, fully accrued and in a consolidated set of "government-wide statements" that display the government's "governmental activities" and "business-type activities". GASB 44 established the standards and suggested format for the statistical section of the comprehensive annual financial report, to assist users in understanding trends through the presentation of historical data. The proposed OPEB standard will require local governments to report the accrued expense and liability associated with certain retiree benefits that are currently only accounted for on a pay-as-you-go basis.

Future Financial Trends reports might be better served with indicators and analyses based on the new government-wide statements and those found in the statistical section of the comprehensive annual financial report. One aspect of this change would most likely result in some charts and data displaying a trend of shorter than ten years until the trends mature to a full ten-year period, as it would not be cost beneficial to restate financial information published prior to the implementation of the new GASB standards.

Toward this goal we invite and encourage your questions, comments and suggestions concerning what indicators and analyses you find most useful.

## EXECUTIVE SUMMARY

### *General Government Operations*

Our general government operations and financial position are sound. Much of this represents the City's strength and commitment to spending plans that meet anticipated expenditures with conservatively estimated revenues and necessary tax increases. The past three years of the ten-year trend period have been especially challenging, requiring us to address rising costs with the uncertain elastic revenues of an economic downturn. Since 1999 we have also made major strides in ensuring that the City's infrastructure, buildings and vehicles have undergone repair or replacement, but this has also required us to issue new debt.

The challenges we face going forward are to ensure that the services mandated, needed, or desired by our residents are provided at the traditional level of "Rye" quality in a fiscally responsible manner. We must remember that our City organization was created and designed to provide service, not profit. Our primary mission is to ensure the health, safety, and welfare of the community. Achieving this mission while minimizing the property tax burden and operating within our adopted financial policies is a worthy and necessary balancing act.

Our liquidity ratio and current ratio are both on a positive upward trend, each of them well above their target levels. At year-end 2003 these ratios were the second highest in the ten-year trend period, fiscal 2000 being only slightly higher. Current liabilities to net operating revenues also show a positive trend. These indicators show that currently available funds are sufficient to meet immediate expenditures. Undesignated fund balance to net operating revenues, while displaying some interperiod fluctuations, has remained well above the target level over the trend period. Balanced budgets and a judicious use of fund balance will help us maintain these positive trends.

There is a slight but discernable decline in the difference between our operating revenues and expenditures, an indication that we must carefully plan our budgets and manage our operations to stabilize the situation.

Net operating revenues on a gross as well as per capita basis show a strong positive upward trend, and property tax revenues have grown steadily, especially in the last five years of the trend period. Property tax revenues remained unchanged from 1994 through 1999, rising since that time to meet cost increases. Uncollected property taxes in 1994 were at 1.95% of the tax levy, but since that time have remained below 7/10 of 1% of the levy. The percentage of tax liens to the tax levy rose from a 1995 low of 1.26% to a high of 6.19% in 2001, but retreated to end fiscal 2003 at 4.08%, an indication that we should continue an aggressive annual tax lien/foreclosure process. Elastic revenues as a percentage of net operating revenues have increased over the ten-year trend period, but for the past four years the trend is downward. In short, our operating revenues are on a healthy trend, but we should budget our elastic revenues carefully and conservatively due to their vulnerability to economic downturns.

Net operating expenditures, on a gross and per capita basis, have also risen steadily. Fringe benefits, a major component of expenditures, were on a major downward trend from a high of 40% of salaries in 1994 to a low of 23% in 1999, but have since risen each year to 36% in 2003. By far the most significant increases in recent years can be found in mandated New York State retirement costs and steadily increasing health care costs. The retirement costs are expected to remain the same or slightly higher for the next few years, and then to slowly decline. A 15% annual increase in health care costs is an accepted industry standard. We must consider these issues when negotiating labor agreements and developing budget estimates.

Our investment in non-capital equipment has remained relatively low but steady over the ten-year trend period, with a spike in 1997 that reflected a major investment in information technology (computer systems and software). This trend indicates that we are replacing old, unsafe, and/or obsolete non-capital assets as needed.

Our annual operating surpluses reflect our conservative approach to budgeting, and the operating deficits of 2001 and 2002 reflect our planned (budgeted) use of fund balance. In preparing our annual budgets we must carefully consider the types and levels of service required or desired by the community in the context of economic and financial realities. We must continue to develop fiscally responsible spending plans, keeping in mind that we are a service organization.

Our debt indicators show that we continue to enjoy relatively low debt ratios. Net direct (City) debt is ¼ of 1% of full valuation and our annual debt service (principal and interest) costs are just above 4% of operating revenues. While debt has increased, it should be remembered that the debt proceeds were used for major building, infrastructure (streets, drains, sewers, etc.) and vehicles (fire trucks). Debt service coverage, the ability to pay debt with current revenues, shows a positive trend, but we must budget and plan to ensure that this trend continues in a positive direction. It is also evident that the trend of City-issued debt is less of a burden than that of overlapping (county and school district) debt. While overlapping debt represented only 9/10 of 1% of full valuation in 2003, per capita debt has risen to $2,258.

The number of municipal employees per 1,000 population has remained stable at around 10 over the entire trend period. According to the U.S. Census Bureau, our population has also remained the same at around 15,000 over the past ten years. Considering the increase in mandated or desired service levels over the ten-year period, this indicates that we have become more productive and are providing greater value for the tax dollar.

## *Boat Basin Enterprise Fund*

All of the financial indicators for the Boat Basin Fund are extremely strong and positive. The Boat Basin Fund has no outstanding debt, and has been able to fund all of its building, facility and equipment improvements through current funds.

Our liquidity ratio and current ratio remained well above target level for the entire trend period. Net working capital has been on a steady rise, reaching a high of $956,000 in fiscal 2003. Much of this is targeted for marina dredging. The rising trend of net fixed assets exhibits our commitment to the replacement of aging and obsolete facilities and equipment.

The spread between our revenues and expenses continues to exhibit a positive (increasing) trend. Revenues have risen more dramatically than expenses, resulting in a very healthy trend in the operating ratio and net take-down.

## *Golf Club Enterprise Fund*

The Golf Club Fund exhibits an ability to meet current liabilities with current assets, and a good level of investment in its capital assets. However, revenues and profit margins are deteriorating in relation to rising expenses. Action should be taken in future budgets to ensure that a more positive operating trend develops.

Since 1994 the liquidity ratio has remained comfortably above target. The current ratio has remained at or above target since 1997, dipping to target level in 2000 and 2001. Both ratios were impacted favorably by the proceeds of the 1998 Serial Bonds in fiscal years 1998 and 1999. Net working capital has risen over the trend period, but has remained essentially level over the past four years. Net fixed assets have risen positively over the past decade, a reflection of our major investment in Whitby Castle and other facilities owned and operated by the Golf Club.

The trend of the spread between revenues and expenses is a slightly positive and relatively constant one. Fees, charges, and the cost of services provided should be examined carefully to ensure that the trend is maintained. While the operating ratio trends positively downward over the ten-year period, the past five years have seen a reversal of this trend. Combined with a flat ten-year net take-down trend that also shows a five year decline, this indicates that we must increase our profit margin to avoid long-term adverse financial results.

Debt, while rising over the trend period due to the issuance of the 1998 Serial Bonds, is once again exhibiting a downward positive trend since 1998. However, the various debt service ratios (interest coverage, debt service coverage, debt service safety margin) all show flat or negative trends, another indication that we must increase future revenues in relation to expenses.

Respectfully submitted,

Michael A. Genito
City Comptroller

# FINANCIAL INDICATORS AND ANALYSIS

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## ***General Government Operations***

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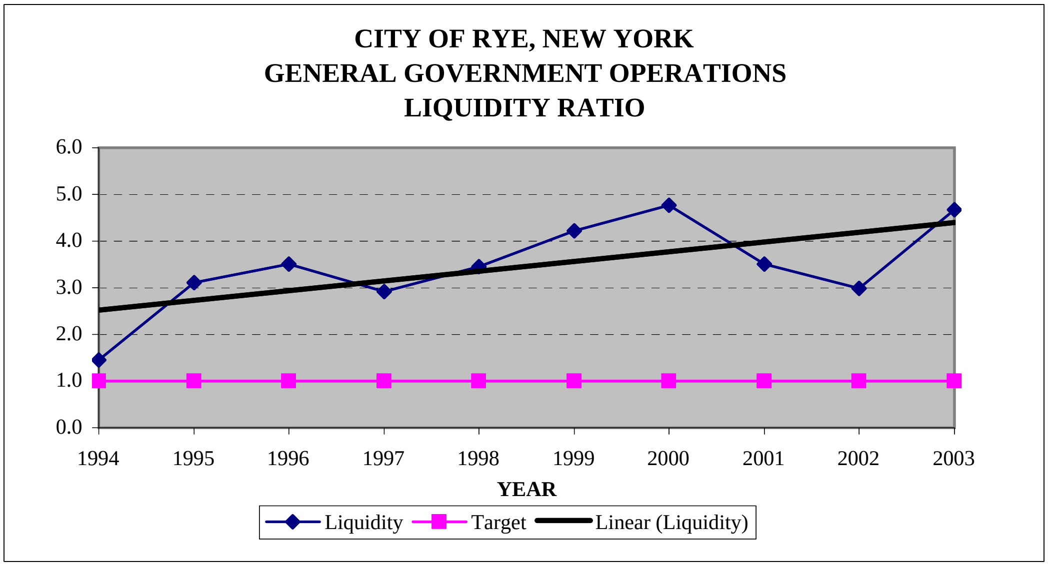
## General Government Operations
## Liquidity Ratio

***Formula:*** Cash and Short-Term Investments/Current Liabilities

***Warning Trend:*** Decreasing trend line



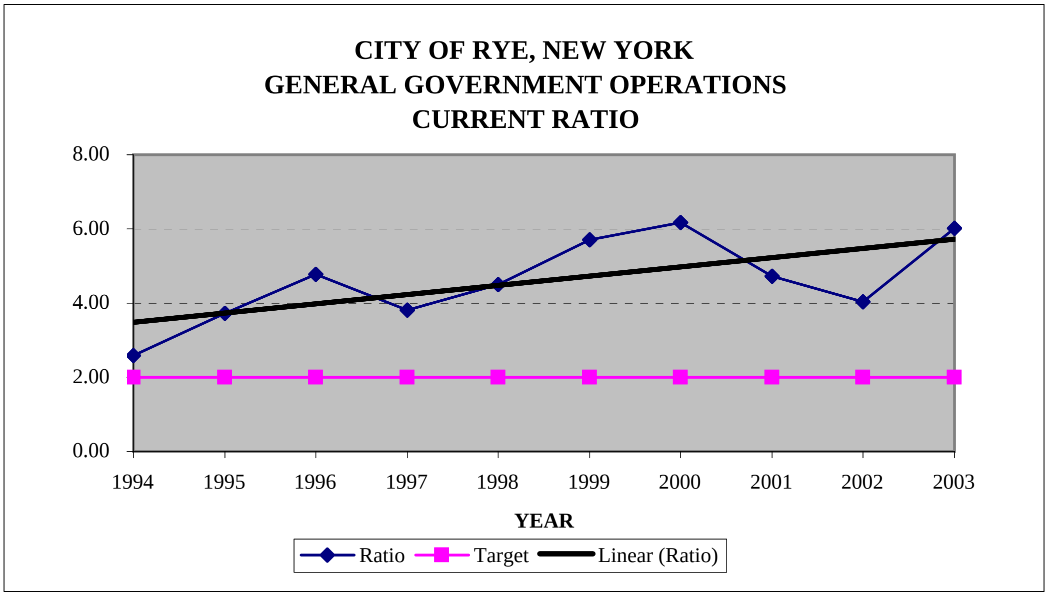

| Year | Cash and Short-term Investments | Current Liabilities | Liquidity | Target |
|---|---|---|---|---|
| 1994 | $2,829,459 | $1,955,674 | 1.4 | 1.0 |
| 1995 | $5,225,996 | $1,677,892 | 3.1 | 1.0 |
| 1996 | $4,450,538 | $1,270,461 | 3.5 | 1.0 |
| 1997 | $5,191,221 | $1,778,872 | 2.9 | 1.0 |
| 1998 | $5,353,235 | $1,552,985 | 3.4 | 1.0 |
| 1999 | $6,034,172 | $1,430,342 | 4.2 | 1.0 |
| 2000 | $7,003,822 | $1,470,088 | 4.8 | 1.0 |
| 2001 | $5,364,407 | $1,528,718 | 3.5 | 1.0 |
| 2002 | $5,747,696 | $1,927,626 | 3.0 | 1.0 |
| 2003 | $7,648,688 | $1,635,839 | 4.7 | 1.0 |

The liquidity ratio, also known as the "cash ratio", measures our ability to pay off current liabilities with cash and short-term investments. Current liabilities are the amounts we owe that are expected to be paid off within the next twelve months, including such items as accounts payable, accrued liabilities, and amounts due to other funds. Cash is the cash we have on hand and in checking and savings accounts. Short-term investments are certificates of deposit and securities that will be redeemed or sold within the next twelve months. Beginning with 1994, our liquidity ratio has remained above the target level of 1:1.

## General Government Operations
## Current Ratio

***Formula:*** Current Assets/Current Liabilities

***Warning Trend:*** Decreasing trend line



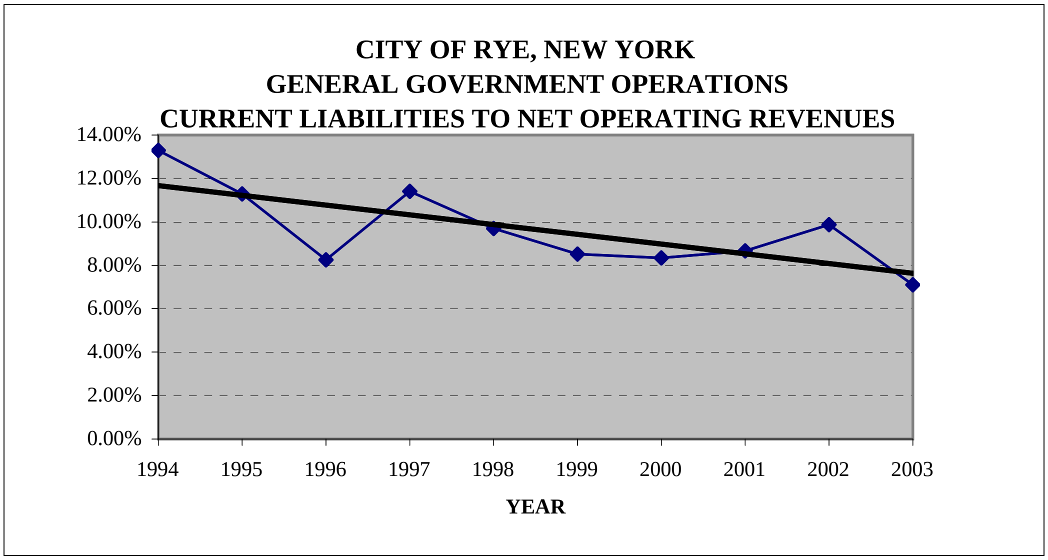

| Year | Current Assets | Current Liabilities | Current Ratio | Target |
|---|---|---|---|---|
| 1994 | $5,044,222 | $1,955,674 | 2.58 | 2.00 |
| 1995 | $6,254,413 | $1,677,892 | 3.73 | 2.00 |
| 1996 | $6,073,254 | $1,270,461 | 4.78 | 2.00 |
| 1997 | $6,763,546 | $1,778,872 | 3.80 | 2.00 |
| 1998 | $6,984,428 | $1,552,985 | 4.50 | 2.00 |
| 1999 | $8,168,251 | $1,430,342 | 5.71 | 2.00 |
| 2000 | $9,084,596 | $1,470,088 | 6.18 | 2.00 |
| 2001 | $7,223,186 | $1,528,718 | 4.72 | 2.00 |
| 2002 | $7,779,253 | $1,927,626 | 4.04 | 2.00 |
| 2003 | $9,855,926 | $1,635,839 | 6.02 | 2.00 |

The current ratio measures our ability to pay off current liabilities with current assets. Current assets are defined as cash and amounts we own that can be converted into cash within the next twelve months, and include such items as short-term investments, accounts receivable and amounts due from other funds. Our current ratio has remained above the target level of 2:1 since 1994.

## General Government Operations
## Current Liabilities to Net Operating Revenues

***Formula:*** Current Liabilities/Net Operating Revenues

***Warning Trend:*** Increasing trend line



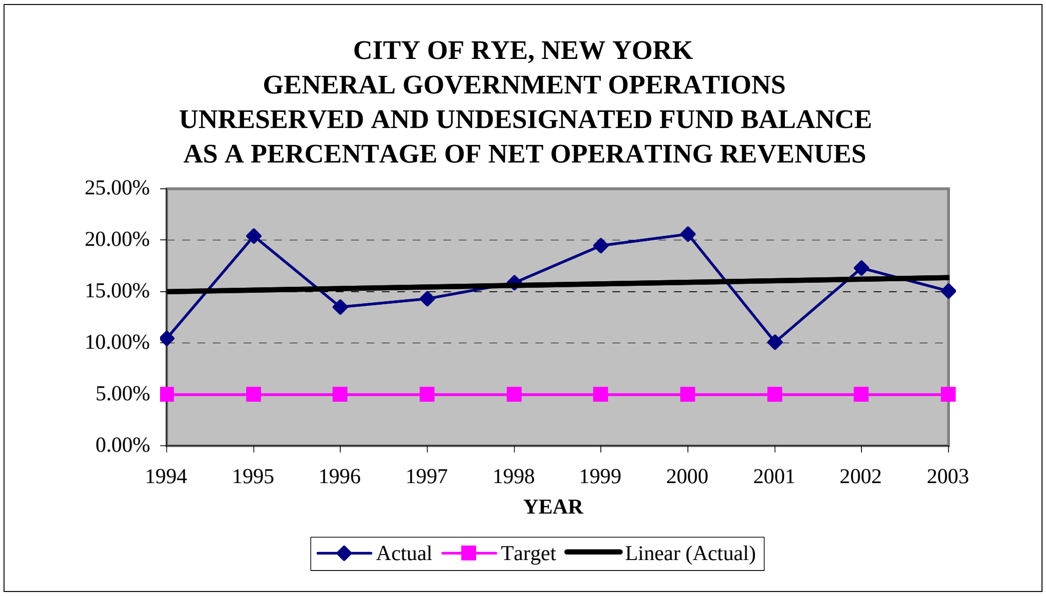

| Year | Current Liabilities | Net Operating Revenues | Percent |
|---|---|---|---|
| 1994 | $1,955,674 | $14,727,709 | 13.28% |
| 1995 | $1,677,892 | $14,848,353 | 11.30% |
| 1996 | $1,270,461 | $15,396,596 | 8.25% |
| 1997 | $1,778,872 | $15,583,753 | 11.41% |
| 1998 | $1,552,985 | $16,037,984 | 9.68% |
| 1999 | $1,430,342 | $16,795,641 | 8.52% |
| 2000 | $1,470,088 | $17,625,639 | 8.34% |
| 2001 | $1,528,718 | $17,666,551 | 8.65% |
| 2002 | $1,927,626 | $19,509,392 | 9.88% |
| 2003 | $1,635,839 | $23,020,124 | 7.11% |

Net operating revenues are defined as all revenues other than operating transfers in and revenues restricted or mandated for specific spending purposes. Current liabilities as a percentage of net operating revenues measures our commitment to paying off current bills with revenues received during the year. An increase in this ratio may indicate liquidity problems if there is an inappropriate use of short-term borrowing or deficit spending. Our general government operations over the ten-year period exhibit a downward (positive) trend.

## General Government Operations
## Undesignated Fund Balance to Net Operating Revenues

***Formula:*** Unreserved & Undesignated Fund Balance/Net Operating Revenues

***Warning Trend:*** Decreasing trend line



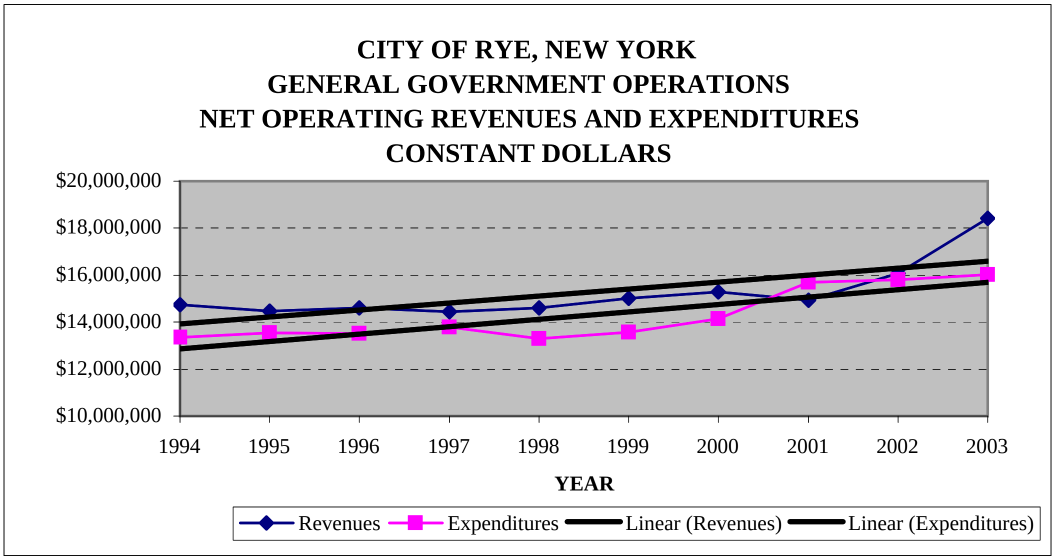

| Year | Undesignated Fund Balance | Net Operating Revenues | Percent Undesignated Actual | Target |
|---|---|---|---|---|
| 1994 | $1,540,302 | $14,727,709 | 10.46% | 5.00% |
| 1995 | $3,025,311 | $14,848,353 | 20.37% | 5.00% |
| 1996 | $2,075,313 | $15,396,596 | 13.48% | 5.00% |
| 1997 | $2,227,243 | $15,583,753 | 14.29% | 5.00% |
| 1998 | $2,543,032 | $16,037,984 | 15.86% | 5.00% |
| 1999 | $3,271,588 | $16,795,641 | 19.48% | 5.00% |
| 2000 | $3,627,720 | $17,625,639 | 20.58% | 5.00% |
| 2001 | $1,775,962 | $17,666,551 | 10.05% | 5.00% |
| 2002 | $3,377,595 | $19,509,392 | 17.31% | 5.00% |
| 2003 | $3,458,354 | $23,020,124 | 15.02% | 5.00% |

Unreserved and undesignated fund balance is defined as the amount of fund balance that is neither legally restricted nor voluntarily designated for specific purposes. Our financial policies provide that we should strive to maintain an unreserved and undesignated fund balance of at least 5% of total General Fund appropriations. We use this same target in the analysis of our general government operations. Our unreserved and undesignated fund balance has exceeded the 5% target with double digit percentages for the entire ten-year trend period covered in this report.

## General Government Operations
## Net Operating Revenues vs. Net Operating Expenditures

***Formula:*** Net Operating Revenues; Net Operating Expenditures

***Warning Trend:*** Decreasing distance between trend lines



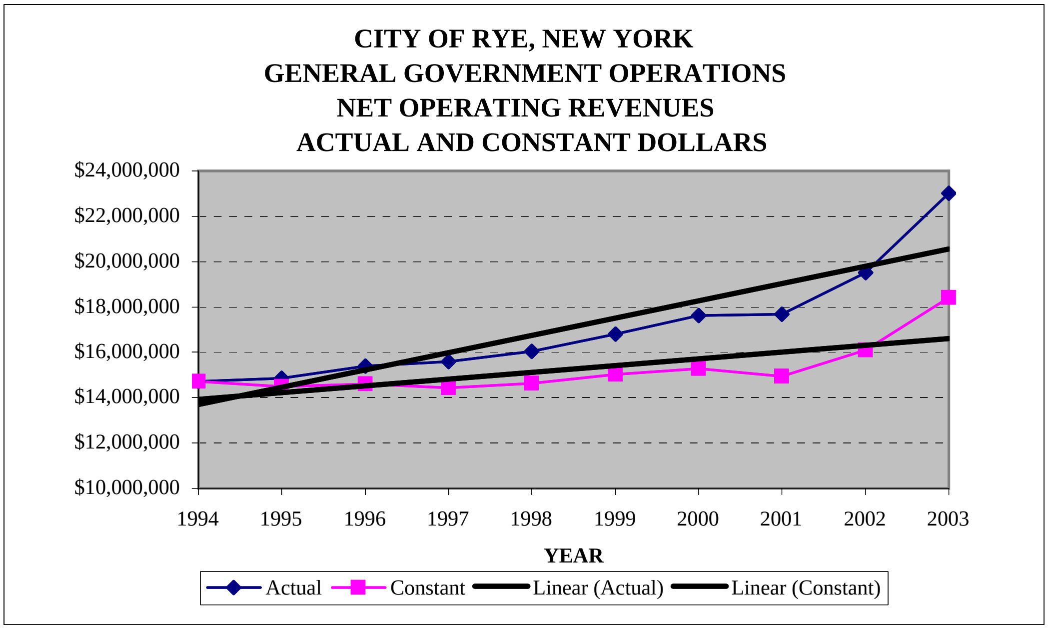

| Year | CPI-U | Actual Operating Revenues | Actual Operating Expenditures | Constant Dollar Revenues | Constant Dollar Expenditures |
|---|---|---|---|---|---|
| 1994 | 158.2 | $14,727,709 | $13,354,781 | $14,727,709 | $13,354,781 |
| 1995 | 162.2 | $14,848,353 | $13,896,199 | $14,482,179 | $13,553,506 |
| 1996 | 166.9 | $15,396,596 | $14,252,167 | $14,594,017 | $13,509,244 |
| 1997 | 170.8 | $15,583,753 | $14,878,737 | $14,434,132 | $13,781,125 |
| 1998 | 173.6 | $16,037,984 | $14,601,234 | $14,615,260 | $13,305,963 |
| 1999 | 177.0 | $16,795,641 | $15,172,517 | $15,011,697 | $13,560,973 |
| 2000 | 182.5 | $17,625,639 | $16,312,552 | $15,278,773 | $14,140,525 |
| 2001 | 187.1 | $17,666,551 | $18,565,254 | $14,937,725 | $15,697,612 |
| 2002 | 191.9 | $19,509,392 | $19,176,407 | $16,083,303 | $15,808,794 |
| 2003 | 197.8 | $23,020,124 | $20,038,560 | $18,411,444 | $16,026,796 |

When net operating revenues and net operating expenditures are compared over time, we get a better picture of how well we are matching our revenues to expenditures. Net operating expenditures are defined as all expenditures other than operating transfers out. In this indicator, a positive trend is when net operating revenues and net operating expenditures move in tandem in the same direction. A negative trend occurs when the lines begin to converge or cross. The lines are converging, an indication that we must develop future budgets to ensure that the trend can be halted or reversed.

## General Government Operations
## Net Operating Revenues

***Formula:*** Net Operating Revenues

***Warning Trend:*** Decreasing trend line



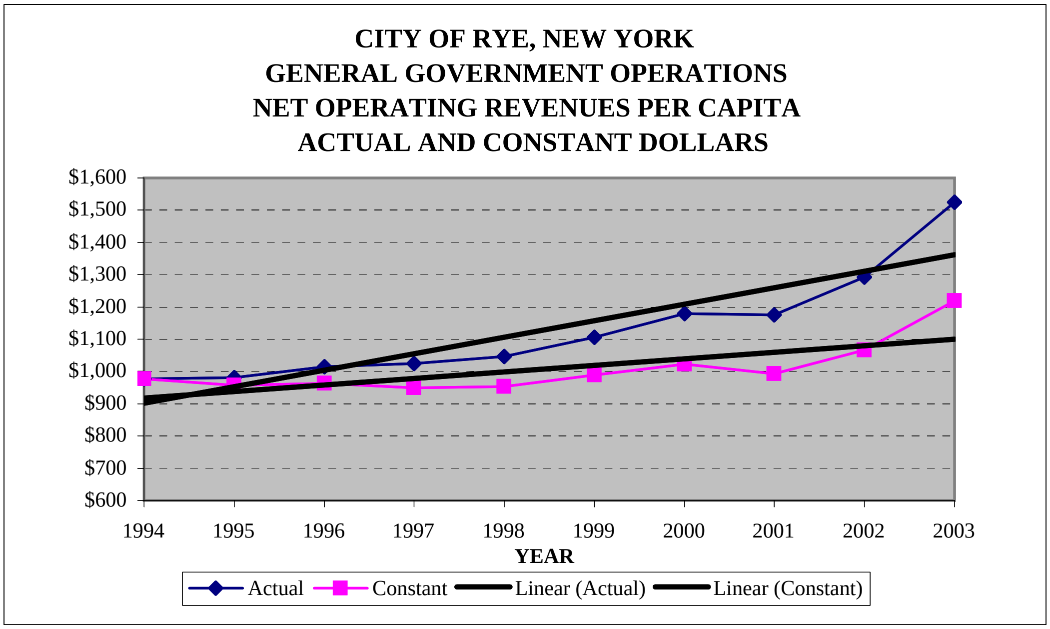

| Year | CPI-U | Net Revenues Actual | Net Revenues Constant |
|---|---|---|---|
| 1994 | 158.2 | $14,727,709 | $14,727,709 |
| 1995 | 162.2 | $14,848,353 | $14,482,179 |
| 1996 | 166.9 | $15,396,596 | $14,594,017 |
| 1997 | 170.8 | $15,583,753 | $14,434,132 |
| 1998 | 173.6 | $16,037,984 | $14,615,260 |
| 1999 | 177.0 | $16,795,641 | $15,011,697 |
| 2000 | 182.5 | $17,625,639 | $15,278,773 |
| 2001 | 187.1 | $17,666,551 | $14,937,725 |
| 2002 | 191.9 | $19,509,392 | $16,083,303 |
| 2003 | 197.8 | $23,020,124 | $18,411,444 |

The purpose of this indicator is to show the trend of net operating revenues and the effects of inflation on that trend. Our trend shows a steady increase in actual net operating revenues, but when the effects of inflation are accounted for, the trend flattens considerably. This emphasizes the need to evaluate our operating expenditures as adjusted for inflation when developing fees and user charges.

## General Government Operations
## Net Operating Revenues Per Capita

***Formula:*** Net Operating Revenues/Population

***Warning Trend:*** Decreasing trend line



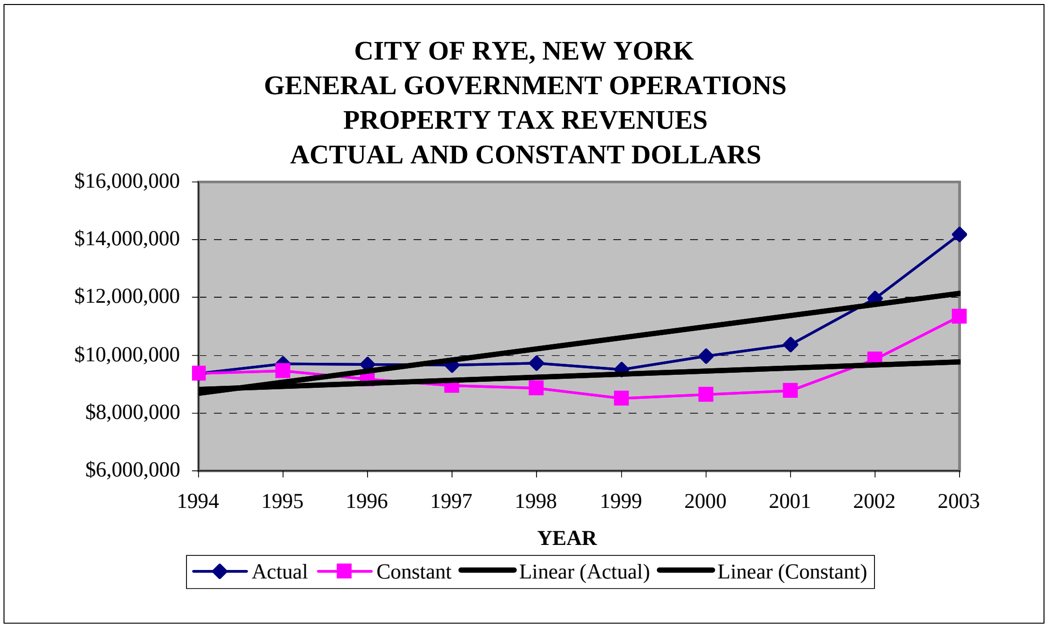

| Year | CPI-U | Population | Actual Revenues | Per Capita Actual | Per Capita Constant |
|---|---|---|---|---|---|
| 1994 | 158.2 | 15,071 | $14,727,709 | $977 | $977 |
| 1995 | 162.2 | 15,122 | $14,848,353 | $982 | $958 |
| 1996 | 166.9 | 15,164 | $15,396,596 | $1,015 | $962 |
| 1997 | 170.8 | 15,208 | $15,583,753 | $1,025 | $949 |
| 1998 | 173.6 | 15,326 | $16,037,984 | $1,046 | $954 |
| 1999 | 177.0 | 15,176 | $16,795,641 | $1,107 | $989 |
| 2000 | 182.5 | 14,955 | $17,625,639 | $1,179 | $1,022 |
| 2001 | 187.1 | 15,041 | $17,666,551 | $1,175 | $993 |
| 2002 | 191.9 | 15,092 | $19,509,392 | $1,293 | $1,066 |
| 2003 | 197.8 | 15,092 | $23,020,124 | $1,525 | $1,220 |

The purpose of this indicator is to measure how effectively we are earning revenue by calculating it on a per resident basis. Our trend in actual dollars per capita is a strong and steady increase, but in constant dollars the impact is less dramatic. This is important to remember when developing our revenue estimates and setting our taxes, fees, and other revenues.

## General Government Operations
## Property Tax Revenues

***Formula:*** Property Tax Revenues

***Warning Trend:*** Decreasing trend line



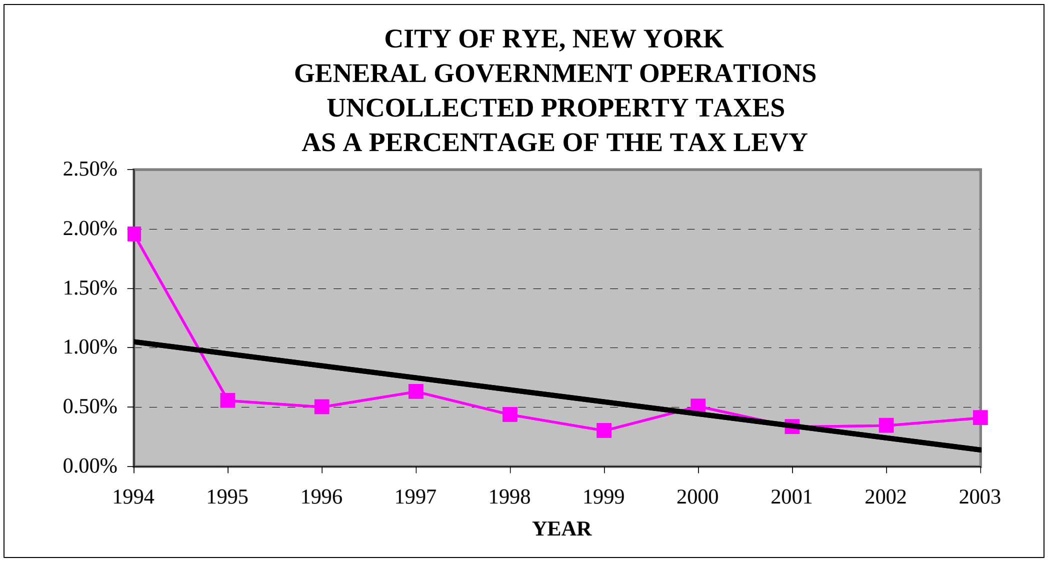

| Year | CPI-U | Property Tax Revenues Actual | Property Tax Revenues Constant |
|---|---|---|---|
| 1994 | 158.2 | $9,365,212 | $9,365,212 |
| 1995 | 162.2 | $9,704,643 | $9,465,318 |
| 1996 | 166.9 | $9,680,734 | $9,176,106 |
| 1997 | 170.8 | $9,653,297 | $8,941,169 |
| 1998 | 173.6 | $9,731,058 | $8,867,819 |
| 1999 | 177.0 | $9,505,107 | $8,495,525 |
| 2000 | 182.5 | $9,970,349 | $8,642,790 |
| 2001 | 187.1 | $10,372,711 | $8,770,512 |
| 2002 | 191.9 | $11,965,741 | $9,864,410 |
| 2003 | 197.8 | $14,190,747 | $11,349,728 |

Property taxes are a major component of our general government operations, accounting for approximately 67% of our total general government revenues. The amount of property tax revenue is dependent upon our tax rate and the value of our taxable assessed properties. The overall trend is a moderate increase, designed to address the need to cover increasing costs.

## General Government Operations
## Uncollected Property Taxes to the Property Tax Levy

***Formula:*** Uncollected Property Taxes/Property Tax Levy

***Warning Trend:*** Increasing trend line



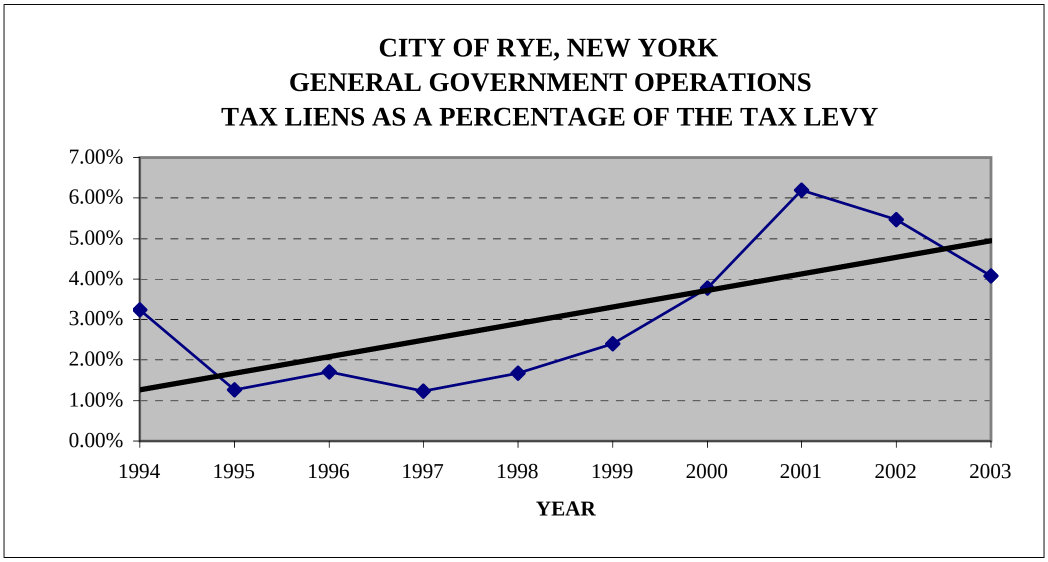

| Year | Uncollected Property Taxes | Property Tax Levy | Percent of Levy |
|---|---|---|---|
| 1994 | $181,831 | $9,306,345 | 1.95% |
| 1995 | $51,805 | $9,354,994 | 0.55% |
| 1996 | $47,232 | $9,448,778 | 0.50% |
| 1997 | $59,963 | $9,510,351 | 0.63% |
| 1998 | $41,619 | $9,590,213 | 0.43% |
| 1999 | $29,130 | $9,593,156 | 0.30% |
| 2000 | $50,963 | $10,028,994 | 0.51% |
| 2001 | $34,380 | $10,323,122 | 0.33% |
| 2002 | $40,823 | $11,762,076 | 0.35% |
| 2003 | $56,631 | $13,894,248 | 0.41% |

Rising uncollected property taxes can place a strain on the resources of the City and its ability to administer programs and services. Such increases may indicate an inability or unwillingness on the part of property owners to pay property taxes due to personal financial difficulties, or a negative economic trend in our community. It is therefore important that we are vigilant in noting any sign of an upward trend. With the exception of 1994, our collection rate has been in excess of 99%, an excellent record when you consider that we must guarantee the taxes levied against properties within our city for Westchester County, the Rye City School District and the Rye Neck Union Free School District.

## General Government Operations
## Tax Liens to the Property Tax Levy

***Formula:*** Tax Liens/Property Tax Levy

***Warning Trend:*** Increasing trend line



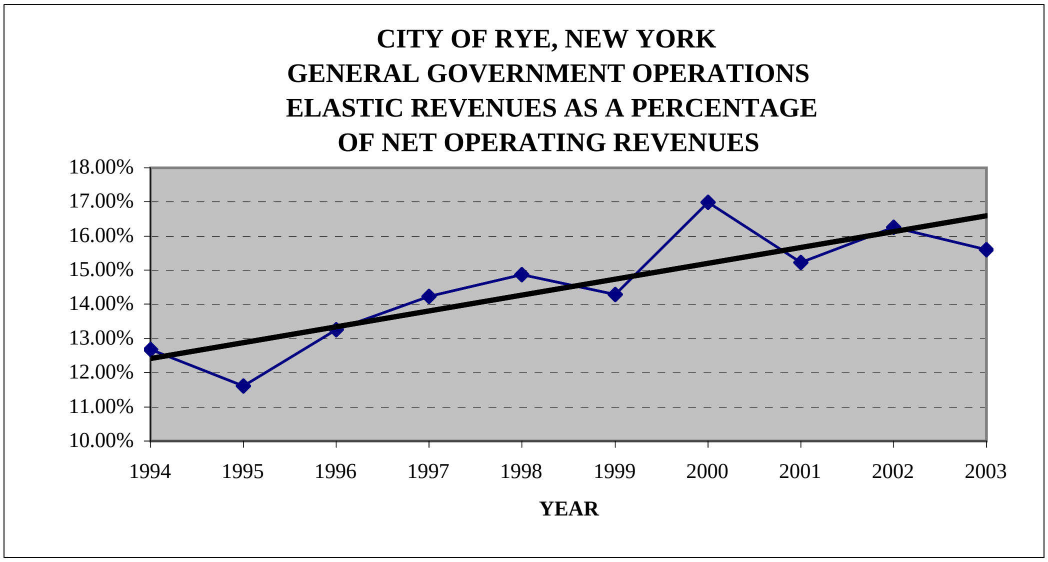

| Year | Property Tax Liens | Property Tax Levy | Percent of Levy |
|---|---|---|---|
| 1994 | $301,895 | $9,306,345 | 3.24% |
| 1995 | $118,303 | $9,354,994 | 1.26% |
| 1996 | $161,570 | $9,448,778 | 1.71% |
| 1997 | $117,129 | $9,510,351 | 1.23% |
| 1998 | $161,105 | $9,590,213 | 1.68% |
| 1999 | $230,906 | $9,593,156 | 2.41% |
| 2000 | $379,136 | $10,028,994 | 3.78% |
| 2001 | $638,842 | $10,323,122 | 6.19% |
| 2002 | $643,455 | $11,762,076 | 5.47% |
| 2003 | $566,332 | $13,894,248 | 4.08% |

Like uncollected property taxes, an increase in the amount of tax liens can place a financial strain on our resources, and may indicate an inability or unwillingness on the part of our property owne to pay property taxes. There has been a slow and steady increasing trend, something that we began to address in fiscal 2002 and that has since resulted in an improving trend. While the ratio has been reduced from 6% to 4%, it can be further reduced through a more aggressive annual lien foreclosure process.

## General Government Operations
## Elastic Operating Revenues to Net Operating Revenues

***Formula:*** Elastic Operating Revenues/Net Operating Revenues

***Warning Trend:*** Decreasing trend line



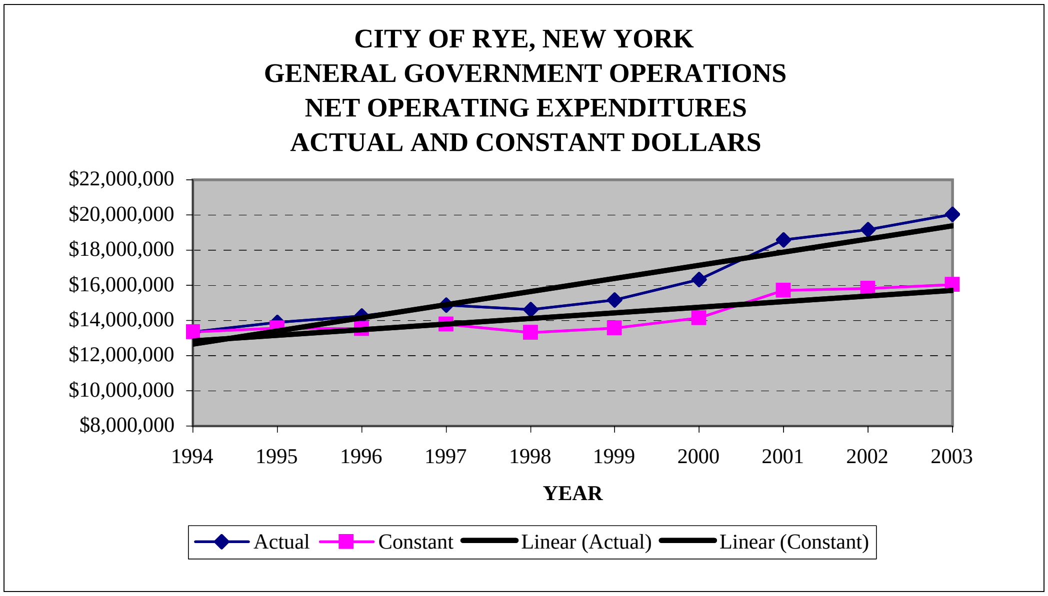

| Year | Elastic Revenues | Net Operating Revenues | Percent to Gross |
|---|---|---|---|
| 1994 | $1,866,776 | $14,727,709 | 12.68% |
| 1995 | $1,724,605 | $14,848,353 | 11.61% |
| 1996 | $2,041,982 | $15,396,596 | 13.26% |
| 1997 | $2,218,379 | $15,583,753 | 14.24% |
| 1998 | $2,383,626 | $16,037,984 | 14.86% |
| 1999 | $2,400,258 | $16,795,641 | 14.29% |
| 2000 | $2,994,641 | $17,625,639 | 16.99% |
| 2001 | $2,689,527 | $17,666,551 | 15.22% |
| 2002 | $3,173,420 | $19,509,392 | 16.27% |
| 2003 | $3,592,963 | $23,020,124 | 15.61% |

This indicator measures how dependent our revenue stream is on elastic revenues. Elastic revenu are defined as those revenues that may be affected by demographic or economic changes in our community, and include mortgage taxes, sales taxes, and utility gross receipts taxes. Elastic revenues will rise as the economic base expands or inflation rises. While the upward trend is positive in some respects, it means we are becoming more dependent upon elastic revenues. A downturn in the economy or a return of inflation could send it into a downward trend, requiring us to consider increases in other revenues such as taxes and user fees

## General Government Operations
## Net Operating Expenditures

***Formula:*** Net Operating Expenditures

***Warning Trend:*** Increasing trend line



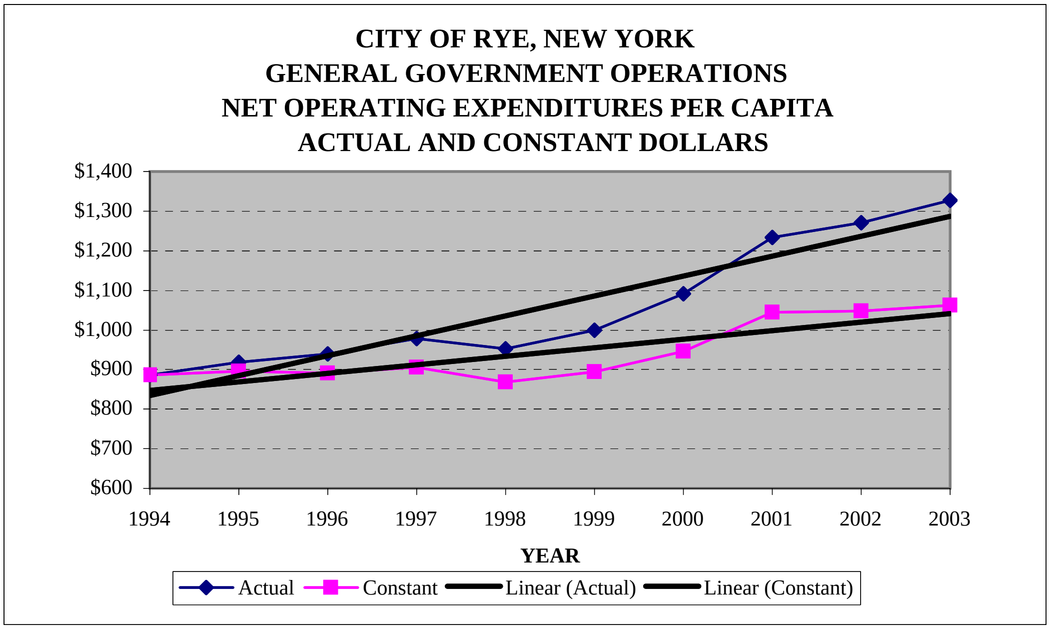

| Year | CPI-U | Expenditures Actual | Expenditures Constant |
|---|---|---|---|
| 1994 | 158.2 | $13,354,781 | $13,354,781 |
| 1995 | 162.2 | $13,896,199 | $13,553,506 |
| 1996 | 166.9 | $14,252,167 | $13,509,244 |
| 1997 | 170.8 | $14,878,737 | $13,781,125 |
| 1998 | 173.6 | $14,601,234 | $13,305,963 |
| 1999 | 177.0 | $15,172,517 | $13,560,973 |
| 2000 | 182.5 | $16,312,552 | $14,140,525 |
| 2001 | 187.1 | $18,565,254 | $15,697,612 |
| 2002 | 191.9 | $19,176,407 | $15,808,794 |
| 2003 | 197.8 | $20,038,560 | $16,026,796 |

The purpose of this indicator is to show the trend of net operating expenditures and the effects of inflation on that trend. Our trend shows an increase in actual net operating expenditures, but when the effects of inflation are accounted for, the trend rises less substantially. This has to be considered in light of the trend of our operating revenues as adjusted for inflation, the setting of fees and charges, and the level of services provided by the City.

## General Government Operations
## Net Operating Expenditures Per Capita

***Formula:*** Net Operating Expenditures/Population

***Warning Trend:*** Increasing trend line



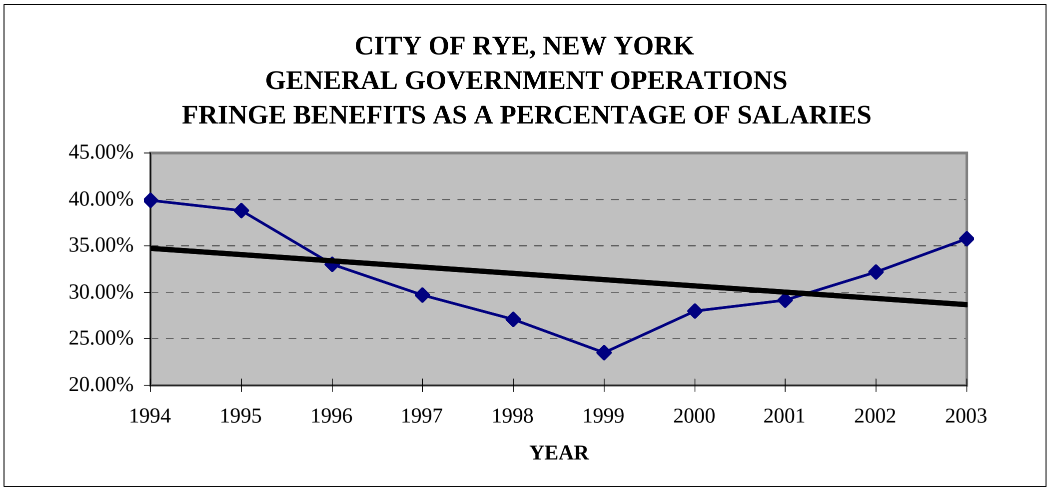

| Year | CPI-U | Population | Expenditures Actual | Per Capita Actual | Per Capita Constant |
|---|---|---|---|---|---|
| 1994 | 158.2 | 15,071 | $13,354,781 | $886 | $886 |
| 1995 | 162.2 | 15,122 | $13,896,199 | $919 | $896 |
| 1996 | 166.9 | 15,164 | $14,252,167 | $940 | $891 |
| 1997 | 170.8 | 15,208 | $14,878,737 | $978 | $906 |
| 1998 | 173.6 | 15,326 | $14,601,234 | $953 | $868 |
| 1999 | 177.0 | 15,176 | $15,172,517 | $1,000 | $894 |
| 2000 | 182.5 | 14,955 | $16,312,552 | $1,091 | $946 |
| 2001 | 187.1 | 15,041 | $18,565,254 | $1,234 | $1,044 |
| 2002 | 191.9 | 15,092 | $19,176,407 | $1,271 | $1,047 |
| 2003 | 197.8 | 15,092 | $20,038,560 | $1,328 | $1,062 |

Net operating expenditures per capita indicate how much we are spending per person in terms of our City's population. A decrease in this indicator is a positive trend, indicating the cost-effective delivery of services, provided that it is not adversely affecting service levels to the point of community dissatisfaction. The trend appears to be moderately rising both in terms of current and constant dollars, and should be watched closely in context with other trend indicators.

## General Government Operations
## Fringe Benefits to Salaries and Wages

***Formula:*** Fringe Benefits/Salaries and Wages

***Warning Trend:*** Increasing trend line



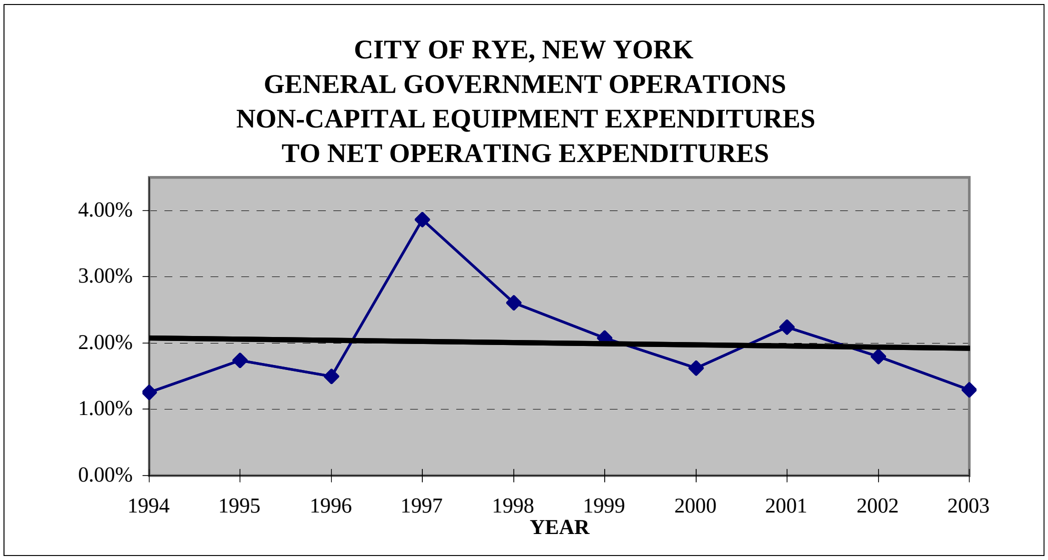

| Year | Salaries and Wages | Fringe Benefits | Percent |
|---|---|---|---|
| 1994 | $6,559,665 | $2,616,773 | 39.89% |
| 1995 | $6,851,656 | $2,660,784 | 38.83% |
| 1996 | $7,292,070 | $2,405,584 | 32.99% |
| 1997 | $7,722,645 | $2,292,852 | 29.69% |
| 1998 | $7,734,443 | $2,097,626 | 27.12% |
| 1999 | $8,142,398 | $1,912,941 | 23.49% |
| 2000 | $8,632,550 | $2,414,451 | 27.97% |
| 2001 | $9,635,292 | $2,812,297 | 29.19% |
| 2002 | $9,792,241 | $3,150,592 | 32.17% |
| 2003 | $9,971,547 | $3,565,061 | 35.75% |

Salaries and employee benefits account for approximately 64% of our total general government net operating expenditures. Salaries are defined as compensation paid to full-time, part-time and seasonal employees. Employee benefits include the employer share of social security and Medicare (FICA), retirement, health insurance (including vision and dental), disability insurance and worker's compensation insurance. An increasing percentage of fringe benefits to salaries is a negative trend and may reveal increases in total compensation that may not otherwise be clearly seen in negotiated labor agreements. For the first five years of the trend period the trend was positive with fringe benefits decreasing, but in the last five years reversed to a negative trend due to increased health insurance and retirement costs

## General Government Operations
## Non-capital Equipment Expenditures to Net Operating Expenditures

***Formula:*** Non-capital Equipment Expenditures/Net Operating Expenditures

***Warning Trend:*** Decreasing trend line



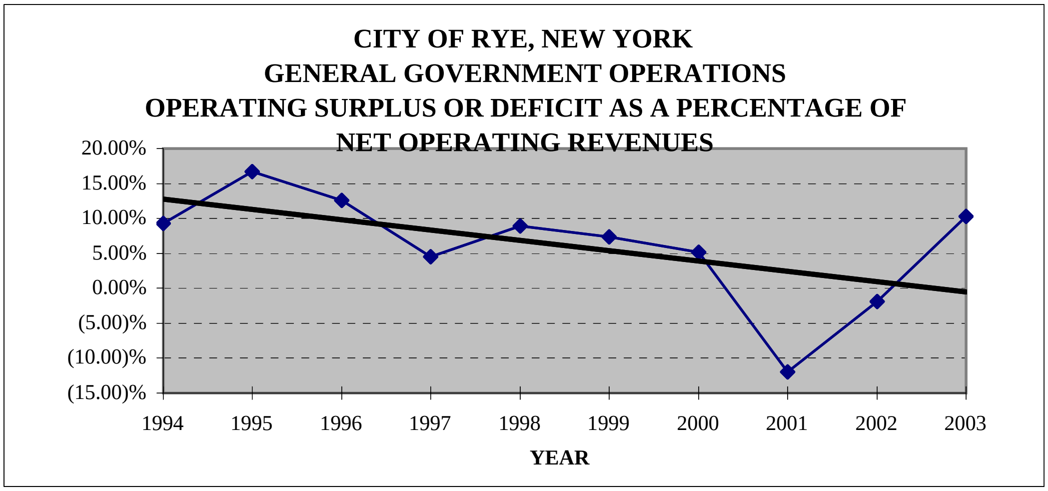

| Year | Equipment Costs | Net Operating Expenditures | Percent |
|---|---|---|---|
| 1994 | $168,134 | $13,354,781 | 1.26% |
| 1995 | $241,407 | $13,896,199 | 1.74% |
| 1996 | $213,626 | $14,252,167 | 1.50% |
| 1997 | $574,834 | $14,878,737 | 3.86% |
| 1998 | $380,640 | $14,601,234 | 2.61% |
| 1999 | $315,291 | $15,172,517 | 2.08% |
| 2000 | $264,501 | $16,312,552 | 1.62% |
| 2001 | $415,429 | $18,565,254 | 2.24% |
| 2002 | $343,549 | $19,176,407 | 1.79% |
| 2003 | $259,172 | $20,038,560 | 1.29% |

For this indicator, equipment is furniture and fixtures, office equipment, and other minor pieces of equipment with a value less than $15,000 purchased with funds provided in the operating budgets. This indicator measures our commitment to replace aging equipment that may be costly to operate and maintain or technologically obsolete. Fiscal 1997 reflects a major investment in information technology, after which the trend returned to a more normal pattern. It is interesting to note that the fiscal 2003 ratio of 1.29% is essentially the same as the 1.26% ratio of fiscal 1994

## General Government Operations
## Operating Surplus or Deficit to Net Operating Revenues

***Formula:*** Operating Surplus (Deficit)/Net Operating Revenues

***Warning Trend:*** Trend line remaining below zero percent



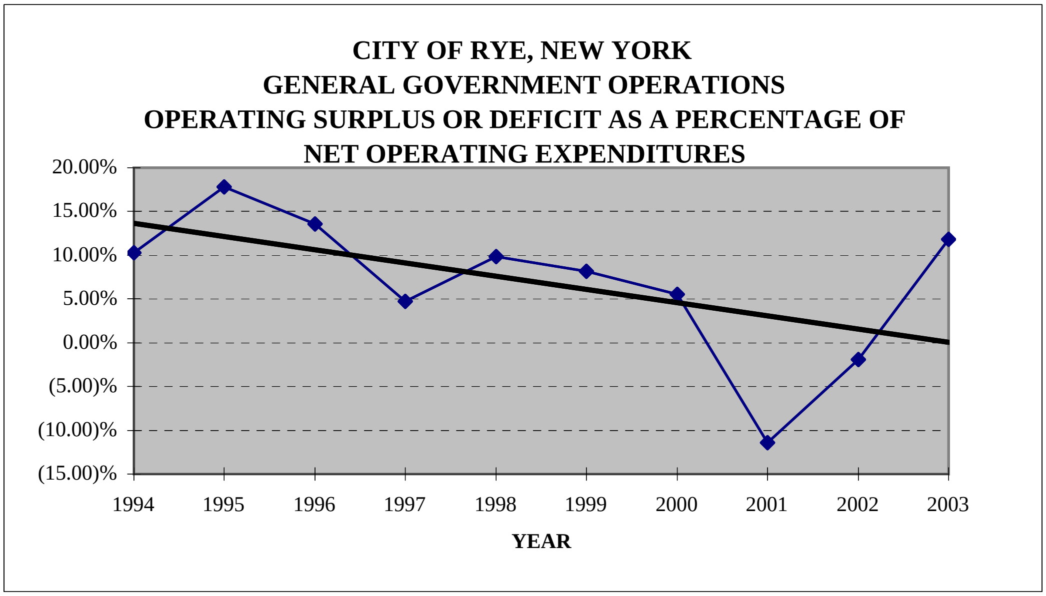

| Year | Operating Surplus (Deficit) | Net Operating Revenues | Percent |
|---|---|---|---|
| 1994 | $1,372,928 | $14,727,709 | 9.32% |
| 1995 | $2,477,593 | $14,848,353 | 16.69% |
| 1996 | $1,930,572 | $15,396,596 | 12.54% |
| 1997 | $705,016 | $15,583,753 | 4.52% |
| 1998 | $1,436,750 | $16,037,984 | 8.96% |
| 1999 | $1,239,944 | $16,795,641 | 7.38% |
| 2000 | $906,337 | $17,625,639 | 5.14% |
| 2001 | ($2,123,032) | $17,666,551 | (12.02)% |
| 2002 | ($365,054) | $19,509,392 | (1.87)% |
| 2003 | $2,368,460 | $23,020,124 | 10.29% |

An operating surplus occurs when revenues exceed expenditures, and an operating deficit occurs when expenditures exceed revenues. It is a positive result when an operating surplus occurs. An operating deficit is not necessarily a negative result, *provided that the operating deficit was planned*. Operating deficits are often planned when fund balance exists that is considered excessive and the excess amount is used to offset the cost of some programs. The overall trend has been downward with the trend line dipping below zero, *as planned*, in 2001 and 2002, returning upward in 2003. It remains to be seen as to whether or not the trend will continue in a positive direction.

## General Government Operations
## Operating Surplus or Deficit to Net Operating Expenditures

***Formula:*** Operating Surplus (Deficit)/Net Operating Expenditures

***Warning Trend:*** Trend line remaining below zero percent



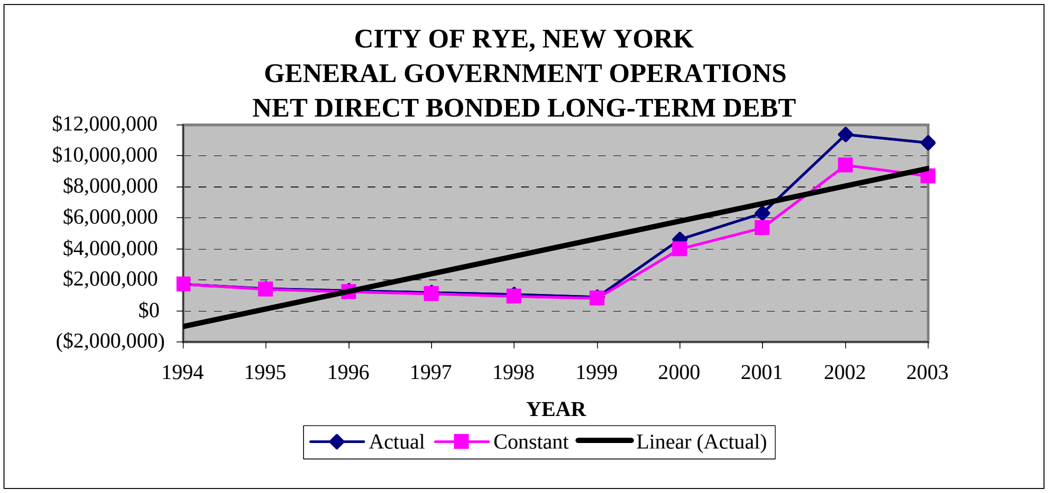

| Year | Operating Surplus (Deficit) | Net Operating Expenditures | Percent |
|---|---|---|---|
| 1994 | $1,372,928 | $13,354,781 | 10.28% |
| 1995 | $2,477,593 | $13,896,199 | 17.83% |
| 1996 | $1,930,572 | $14,252,167 | 13.55% |
| 1997 | $705,016 | $14,878,737 | 4.74% |
| 1998 | $1,436,750 | $14,601,234 | 9.84% |
| 1999 | $1,239,944 | $15,172,517 | 8.17% |
| 2000 | $906,337 | $16,312,552 | 5.56% |
| 2001 | ($2,123,032) | $18,565,254 | (11.44)% |
| 2002 | ($365,054) | $19,176,407 | (1.90)% |
| 2003 | $2,368,460 | $20,038,560 | 11.82% |

This indicator is another measure of our ability to meet annual expenditures with annual revenues, establishing the relationship between an operating surplus or deficit and net operating expenditures. Some prefer to use this indicator on the theory that expenditures are a better measure than revenues of a community's demands and requirements. Again, the overall trend is down with 2001 and 2002 entering into negative territory, reversing to a positive upward trend in 2003.

## General Government Operations
## Net Direct Bonded Long-Term Debt

***Formula:*** Net Direct Bonded Long-Term Debt

***Warning Trend:*** Increasing trend line



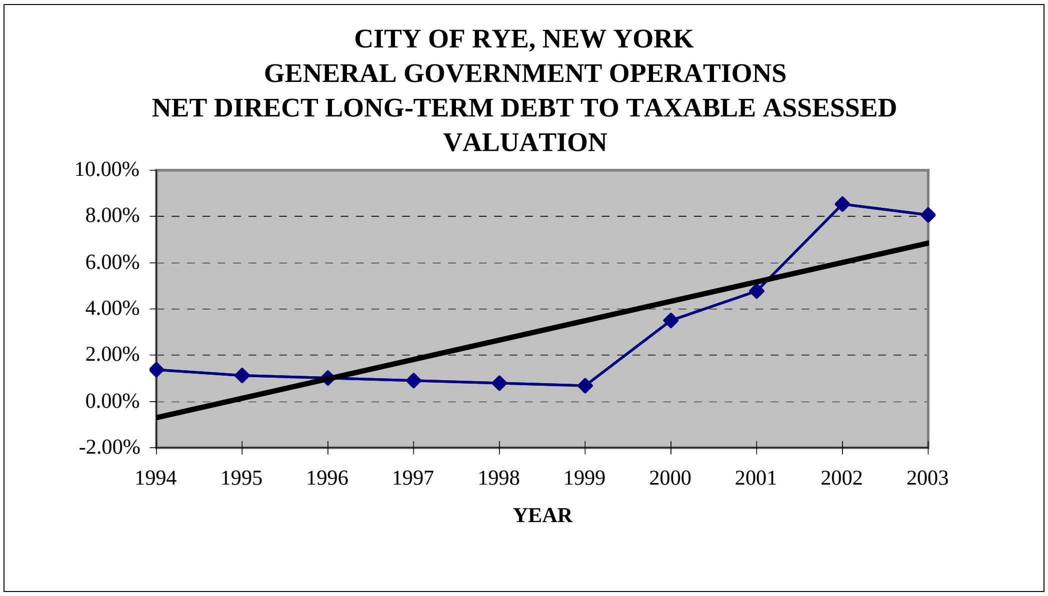

| Year | CPI-U | Net Direct Long-Term Debt Actual | Net Direct Long-Term Debt Constant |
|---|---|---|---|
| 1994 | 158.2 | $1,715,000 | $1,715,000 |
| 1995 | 162.2 | $1,435,000 | $1,399,612 |
| 1996 | 166.9 | $1,310,000 | $1,241,714 |
| 1997 | 170.8 | $1,175,000 | $1,088,320 |
| 1998 | 173.6 | $1,040,000 | $947,742 |
| 1999 | 177.0 | $905,000 | $808,876 |
| 2000 | 182.5 | $4,595,000 | $3,983,173 |
| 2001 | 187.1 | $6,315,000 | $5,339,567 |
| 2002 | 191.9 | $11,379,500 | $9,381,120 |
| 2003 | 197.8 | $10,855,000 | $8,681,805 |

Net direct bonded long-term debt is defined as general obligation debt (bonds) that is not otherwise accounted for in an enterprise fund (Boat Basin Fund and Golf Club Fund). We measure this trend in actual and constant dollars. Increasing outstanding debt impairs our ability to borrow in the future and provides less flexibility in the programming of budgeted funds. An increase in this indicator may be viewed as a negative one, but must take into account the overall debt outstanding and the purposes served by that debt.

## General Government Operations
## Net Direct Bonded Long-Term Debt to Taxable Assessed Valuation

***Formula:*** Net Direct Bonded Long-Term Debt/Taxable Assessed Valuation

***Warning Trend:*** Increasing trend line



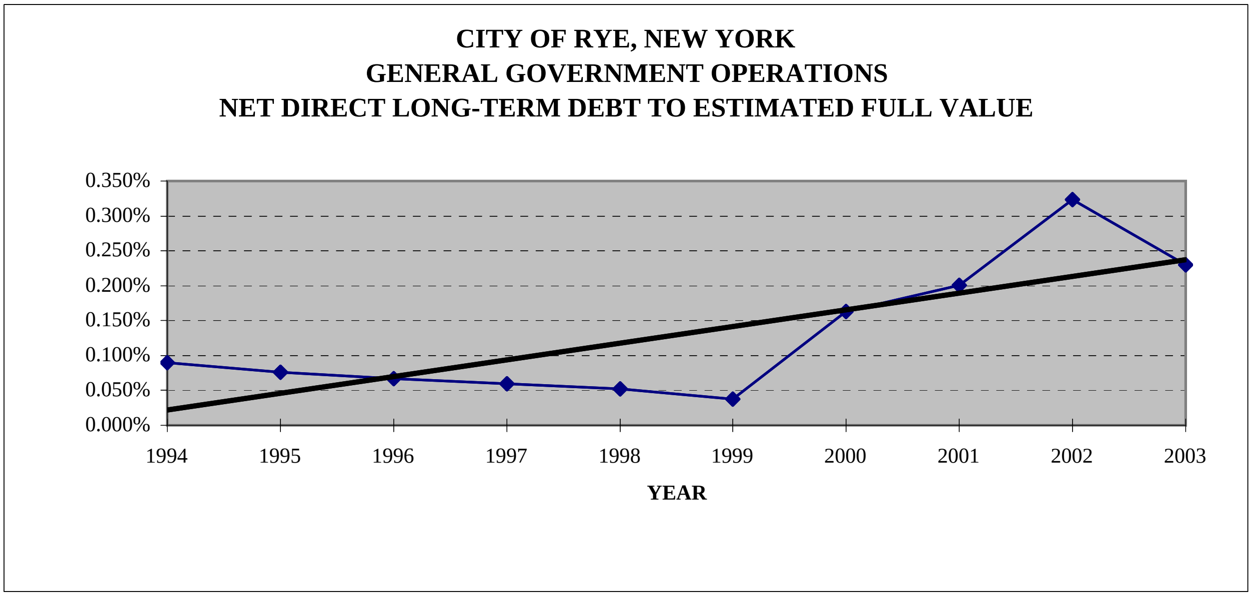

| Year | Net Direct Long-Term Debt | Taxable Assessed Valuation | Percent |
|---|---|---|---|
| 1994 | $1,715,000 | $126,123,883 | 1.36% |
| 1995 | $1,435,000 | $128,197,021 | 1.12% |
| 1996 | $1,310,000 | $128,172,616 | 1.02% |
| 1997 | $1,175,000 | $129,240,016 | 0.91% |
| 1998 | $1,040,000 | $130,261,141 | 0.80% |
| 1999 | $905,000 | $130,271,093 | 0.69% |
| 2000 | $4,595,000 | $131,559,102 | 3.49% |
| 2001 | $6,315,000 | $132,432,299 | 4.77% |
| 2002 | $11,379,500 | $133,384,128 | 8.53% |
| 2003 | $10,855,000 | $134,674,171 | 8.06% |

This indicator puts into perspective our outstanding long-term debt in relationship to our taxable assessed valuation, allowing us to determine if we have sufficient taxing power to afford current and future debt.

## General Government Operations
## Net Direct Bonded Long-Term Debt to Estimated Full Valuation

***Formula:*** Net Direct Bonded Long-Term Debt/Estimated Full Valuation

***Warning Trend:*** Increasing trend line



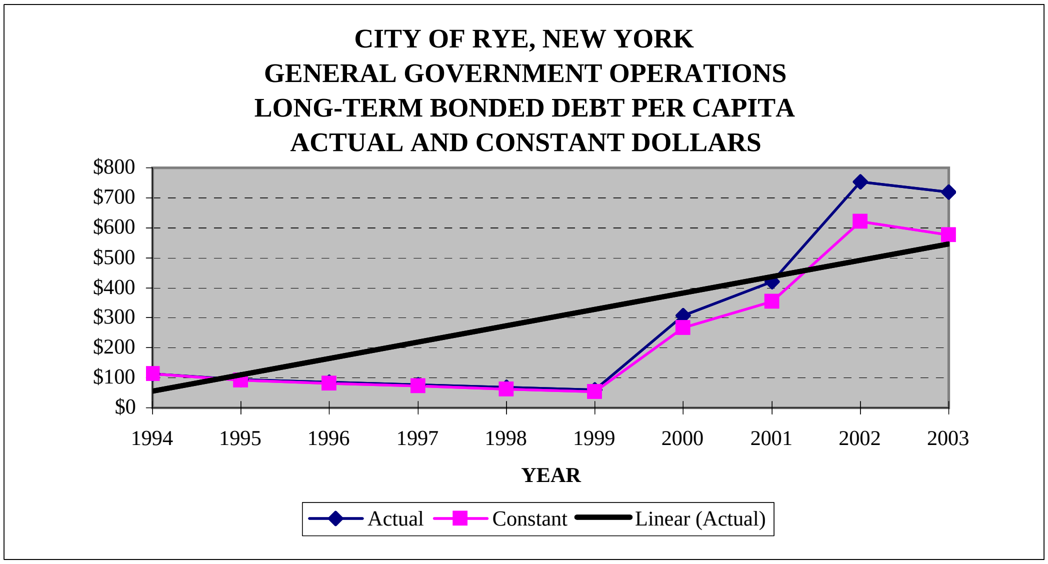

| Year | Net Direct Long-Term Debt | Taxable Assessed Valuation | State Equalization Rate | Estimated Full Value | Percent |
|---|---|---|---|---|---|
| 1994 | $1,715,000 | $126,123,883 | 6.60% | $1,910,967,924 | 0.090% |
| 1995 | $1,435,000 | $128,197,021 | 6.82% | $1,879,721,716 | 0.076% |
| 1996 | $1,310,000 | $128,172,616 | 6.53% | $1,962,827,198 | 0.067% |
| 1997 | $1,175,000 | $129,240,016 | 6.53% | $1,979,173,292 | 0.059% |
| 1998 | $1,040,000 | $130,261,141 | 6.53% | $1,994,810,735 | 0.052% |
| 1999 | $905,000 | $130,271,093 | 5.42% | $2,403,525,701 | 0.038% |
| 2000 | $4,595,000 | $131,559,102 | 4.68% | $2,811,091,923 | 0.163% |
| 2001 | $6,315,000 | $132,432,299 | 4.20% | $3,153,149,976 | 0.200% |
| 2002 | $11,379,500 | $133,384,128 | 3.79% | $3,519,370,132 | 0.323% |
| 2003 | $10,855,000 | $134,674,171 | 2.85% | $4,725,409,509 | 0.230% |

Estimated full value is calculated by taking the taxable assessed value and dividing it by our State equalization rate in an attempt to reach a market value estimate. This indicator is similar to our net long-term debt to taxable assessed value. At less than 1/4 of 1% our ratio is extremely favorable.

## General Government Operations
## Net Direct Bonded Long-Term Debt Per Capita

***Formula:*** Net Direct Bonded Long-Term Debt/Population

***Warning Trend:*** Increasing trend line



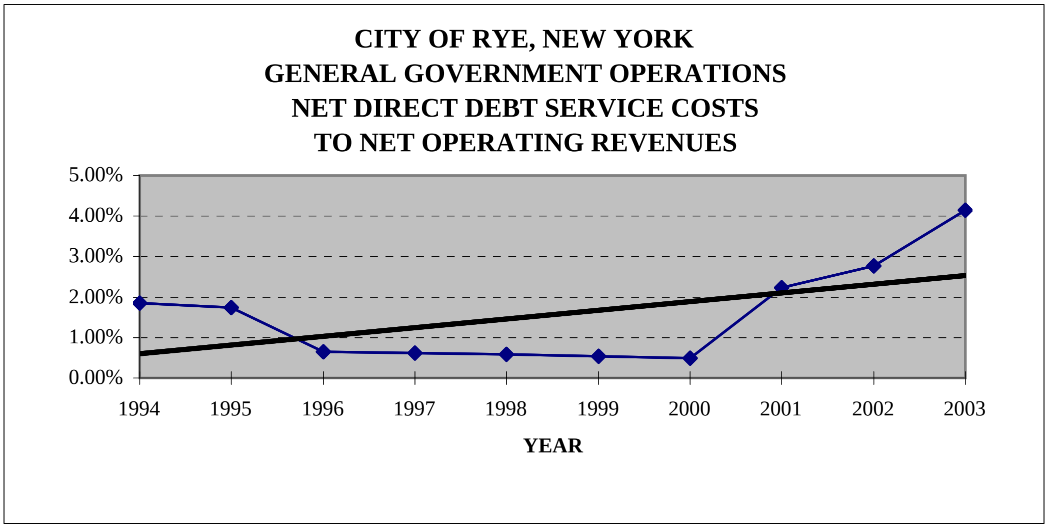

| Year | CPI-U | Population | Net Direct Long-Term Debt | Constant Dollars | Debt Per Capita Actual | Debt Per Capita Constant |
|---|---|---|---|---|---|---|
| 1994 | 158.2 | 15,071 | $1,715,000 | $1,715,000 | $114 | $114 |
| 1995 | 162.2 | 15,122 | $1,435,000 | $1,399,612 | $95 | $93 |
| 1996 | 166.9 | 15,164 | $1,310,000 | $1,241,714 | $86 | $82 |
| 1997 | 170.8 | 15,208 | $1,175,000 | $1,088,320 | $77 | $72 |
| 1998 | 173.6 | 15,326 | $1,040,000 | $947,742 | $68 | $62 |
| 1999 | 177.0 | 15,176 | $905,000 | $808,876 | $60 | $53 |
| 2000 | 182.5 | 14,955 | $4,595,000 | $3,983,173 | $307 | $266 |
| 2001 | 187.1 | 15,041 | $6,315,000 | $5,339,567 | $420 | $355 |
| 2002 | 191.9 | 15,092 | $11,379,500 | $9,381,120 | $754 | $622 |
| 2003 | 197.8 | 15,092 | $10,855,000 | $8,681,805 | $719 | $575 |

Long-term debt per capita is an indicator used to measure the burden of debt per person. Theoretically, as debt increases and population remains the same or decreases, the amount of debt per person becomes an increasing burden and the ability to repay such debt may someday be in jeopardy.

## General Government Operations
## Net Direct Debt Service to Net Operating Revenues

***Formula:*** Net Direct Debt Service/Net Operating Revenues

***Warning Trend:*** Increasing trend line



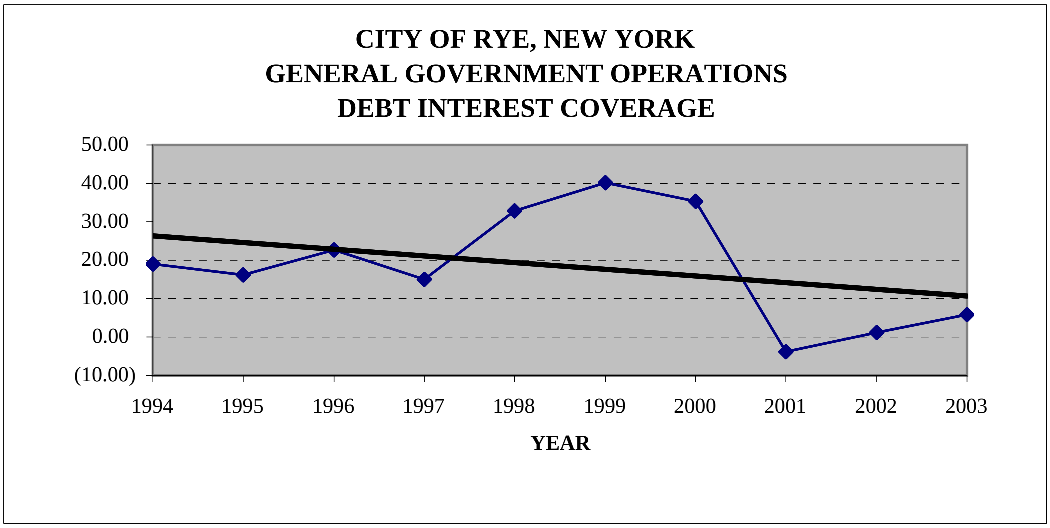

| Year | Net Direct Debt Service | Net Operating Revenues | Percent |
|---|---|---|---|
| 1994 | $272,275 | $14,727,709 | 1.85% |
| 1995 | $258,875 | $14,848,353 | 1.74% |
| 1996 | $100,500 | $15,396,596 | 0.65% |
| 1997 | $97,150 | $15,583,753 | 0.62% |
| 1998 | $93,800 | $16,037,984 | 0.58% |
| 1999 | $90,450 | $16,795,641 | 0.54% |
| 2000 | $87,100 | $17,625,639 | 0.49% |
| 2001 | $392,995 | $17,666,551 | 2.22% |
| 2002 | $540,631 | $19,509,392 | 2.77% |
| 2003 | $954,816 | $23,020,124 | 4.15% |

Debt service is defined as the annual principal and interest payments due on long-term debt. The debt service to net operating revenue indicator measures the ability of our revenue stream to meet annual debt payments. The International City/County Management Association (ICMA) considers a ratio of 10% to be acceptable. While our trend is rising our ratio at the end of 2003 is below 5%.

## General Government Operations
## Debt Interest Coverage

***Formula:*** Net Revenues/Debt Interest

***Warning Trend:*** Decreasing trend line



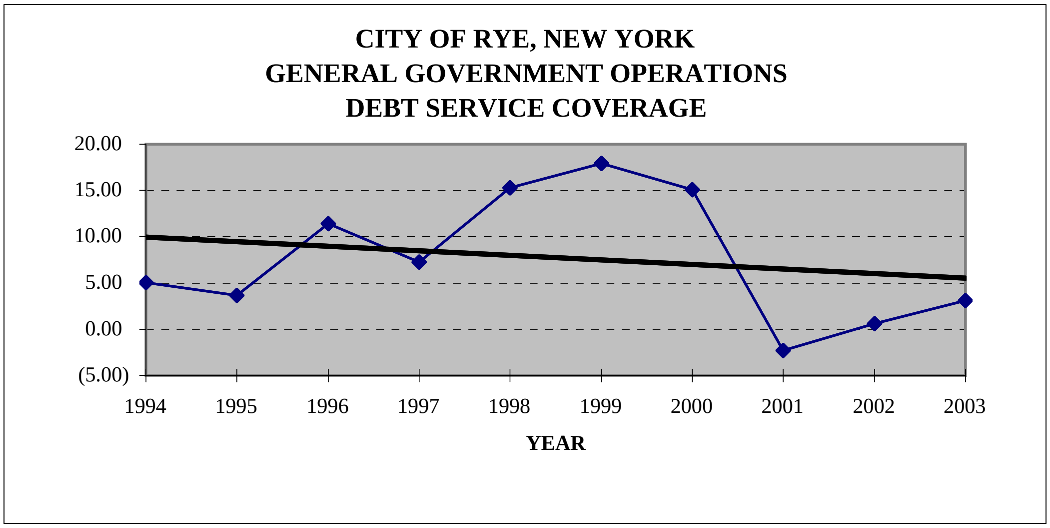

| Year | Net Revenues | Debt Interest | Debt Interest Coverage |
|---|---|---|---|
| 1994 | $1,372,928 | $72,275 | 19.00 |
| 1995 | $952,154 | $58,875 | 16.17 |
| 1996 | $1,144,429 | $50,500 | 22.66 |
| 1997 | $705,016 | $47,150 | 14.95 |
| 1998 | $1,436,750 | $43,800 | 32.80 |
| 1999 | $1,623,124 | $40,450 | 40.13 |
| 2000 | $1,313,087 | $37,100 | 35.39 |
| 2001 | ($898,703) | $232,995 | (3.86) |
| 2002 | $332,985 | $300,631 | 1.11 |
| 2003 | $2,981,564 | $505,316 | 5.90 |

Debt interest coverage is a ratio used to evaluate the ability of a municipality to cover its debt interest costs with net operating revenues. Since this is an x:1 ratio, an increasing trend is a positive trend. Our debt interest coverage shows a positive upward trend from 1994 through 2000, taking a steep drop with the planned operating deficit of 2001, and has since returned on a positive upward trend.

## General Government Operations
## Debt Service Coverage

***Formula:*** Net Revenues/Debt Principal + Interest

***Warning Trend:*** Decreasing trend line



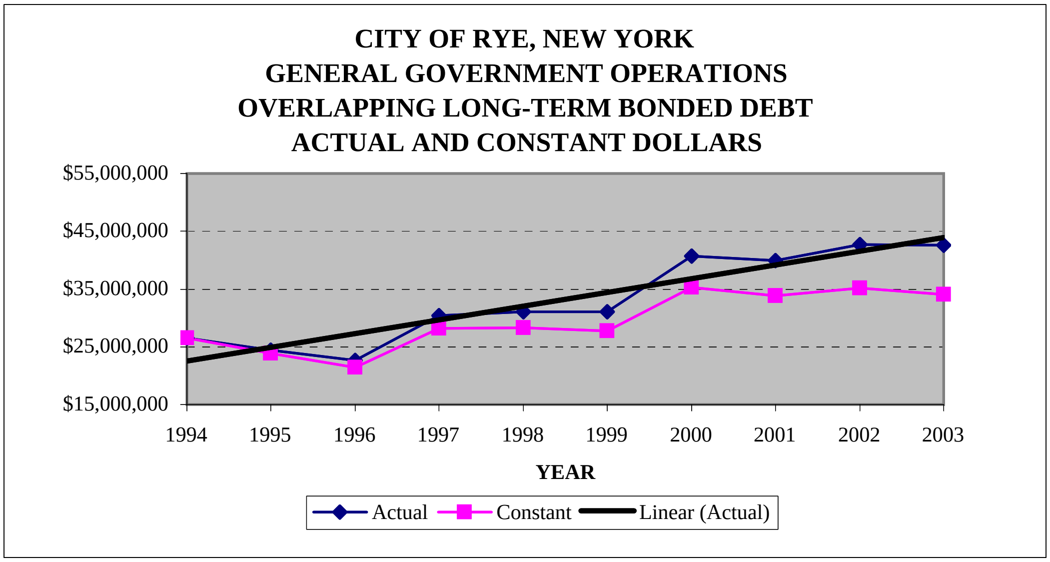

| Year | Net Revenues | Debt Service | Debt Service Coverage |
|---|---|---|---|
| 1994 | $1,372,928 | $272,275 | 5.04 |
| 1995 | $952,154 | $258,875 | 3.68 |
| 1996 | $1,144,429 | $100,500 | 11.39 |
| 1997 | $705,016 | $97,150 | 7.26 |
| 1998 | $1,436,750 | $93,800 | 15.32 |
| 1999 | $1,623,124 | $90,450 | 17.94 |
| 2000 | $1,313,087 | $87,100 | 15.08 |
| 2001 | ($898,703) | $392,995 | (2.29) |
| 2002 | $332,985 | $540,631 | 0.62 |
| 2003 | $2,981,564 | $954,816 | 3.12 |

Similar to debt interest coverage, debt service coverage is a ratio used to evaluate the ability of a municipality to cover its debt service costs (annual principal and interest) with net operating revenues. Since this is an x:1 ratio, an increasing trend is a positive trend. The pattern for debt service coverage follows that of our earlier debt interest coverage ratio.

## General Government Operations
## Overlapping Bonded Debt

***Formula:*** Long-Term Overlapping Bonded Debt

***Warning Trend:*** Increasing trend line



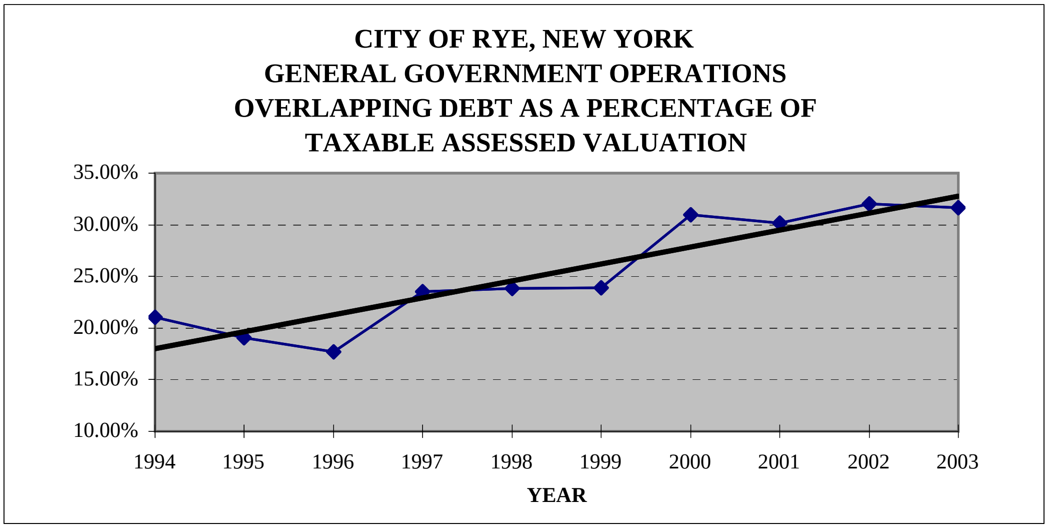

| Year | CPI-U | Overlapping Debt Actual | Overlapping Debt Constant |
|---|---|---|---|
| 1994 | 158.2 | $26,510,673 | $26,510,673 |
| 1995 | 162.2 | $24,415,334 | $23,813,230 |
| 1996 | 166.9 | $22,644,696 | $21,464,295 |
| 1997 | 170.8 | $30,406,003 | $28,162,937 |
| 1998 | 173.6 | $31,053,089 | $28,298,379 |
| 1999 | 177.0 | $31,090,224 | $27,787,986 |
| 2000 | 182.5 | $40,713,463 | $35,292,438 |
| 2001 | 187.1 | $39,976,242 | $33,801,398 |
| 2002 | 191.9 | $42,714,645 | $35,213,428 |
| 2003 | 197.8 | $42,615,261 | $34,083,591 |

Overlapping long-term debt is the net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of a community. Westchester County and the school districts in our community incur debt for their own purposes, and part of their tax levies on our property owners are used to pay down that debt. Overlapping debt can place an economic burden on our taxpayers, even if the City's debt level is low. Measured in actual and constant dollars, the trend indicates that overlapping debt is increasing. This should be of concern to all taxing jurisdictions, including the City, when planning future debt issue

## General Government Operations
## Overlapping Bonded Debt to Taxable Assessed Valuation

***Formula:*** Long-Term Overlapping Bonded Debt/Taxable Assessed Valuation

***Warning Trend:*** Increasing trend line



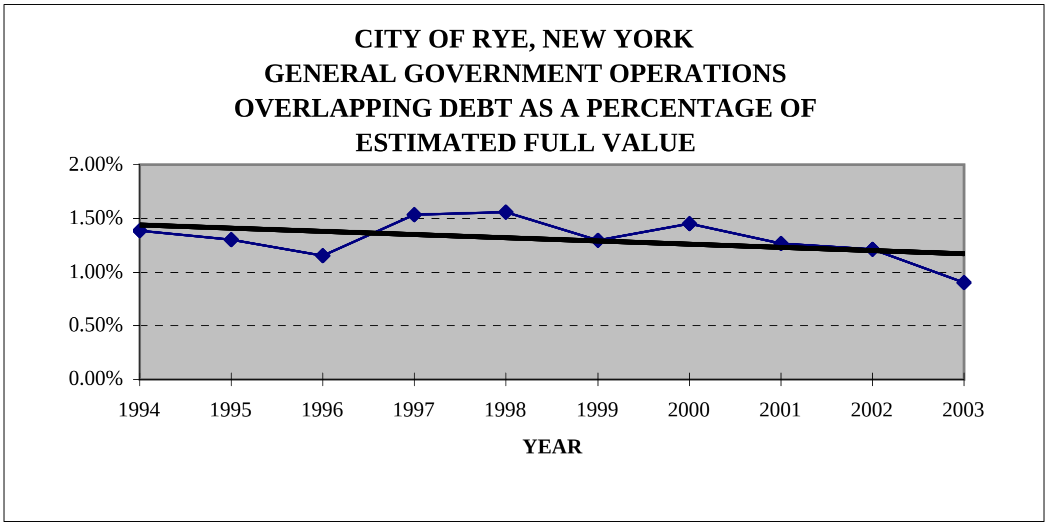

| Year | Overlapping Bonded Debt | Taxable Assessed Valuation | Percent |
|---|---|---|---|
| 1994 | $26,510,673 | $126,123,883 | 21.02% |
| 1995 | $24,415,334 | $128,197,021 | 19.05% |
| 1996 | $22,644,696 | $128,172,616 | 17.67% |
| 1997 | $30,406,003 | $129,240,016 | 23.53% |
| 1998 | $31,053,089 | $130,261,141 | 23.84% |
| 1999 | $31,090,224 | $130,271,093 | 23.87% |
| 2000 | $40,713,463 | $131,559,102 | 30.95% |
| 2001 | $39,976,242 | $132,432,299 | 30.19% |
| 2002 | $42,714,645 | $133,384,128 | 32.02% |
| 2003 | $42,615,261 | $134,674,171 | 31.64% |

Overlapping long-term debt as a percentage of taxable assessed valuation measures the ability of other governments to tax our property owners for the repayment of outstanding debt. The ratio has slowly increased from 21% to 32%. While this is not a cause for immediate concern, a continuing increase in the trend may signal a need for the various local governments (county, school districts and city) to coordinate their efforts in terms of long-term financing initiatives.

## General Government Operations
## Overlapping Bonded Debt to Estimated Full Valuation

***Formula:*** Long-Term Overlapping Bonded Debt/Estimated Full Valuation

***Warning Trend:*** Increasing trend line



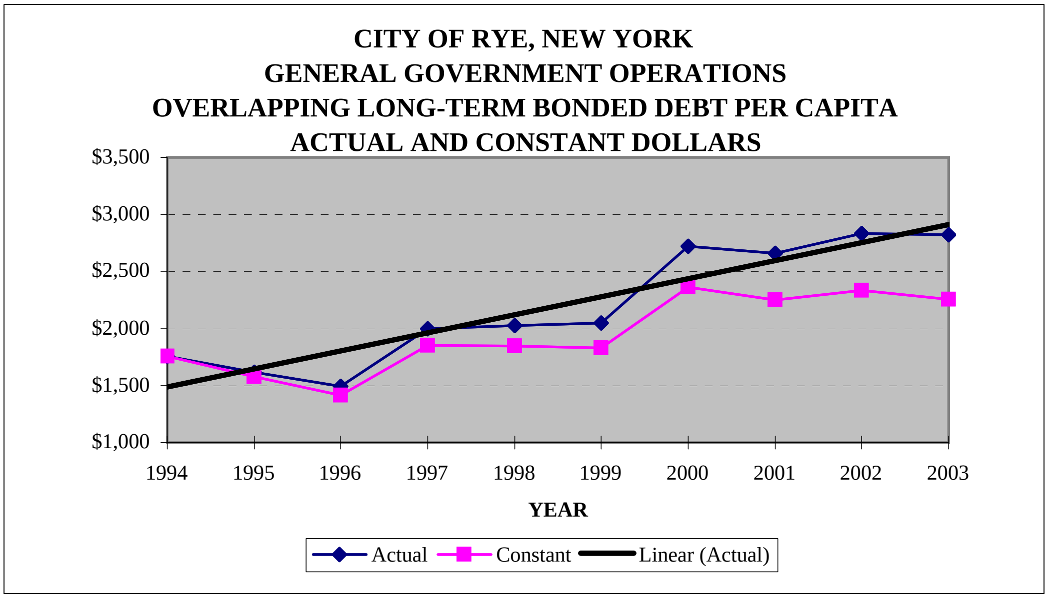

| Year | Overlapping Bonded Debt | Taxable Assessed Valuation | State Equalization Rate | Estimated Full Value | Percent Actual |
|---|---|---|---|---|---|
| 1994 | $26,510,673 | $126,123,883 | 6.60% | $1,910,967,924 | 1.39% |
| 1995 | $24,415,334 | $128,197,021 | 6.82% | $1,879,721,716 | 1.30% |
| 1996 | $22,644,696 | $128,172,616 | 6.53% | $1,962,827,198 | 1.15% |
| 1997 | $30,406,003 | $129,240,016 | 6.53% | $1,979,173,292 | 1.54% |
| 1998 | $31,053,089 | $130,261,141 | 6.53% | $1,994,810,735 | 1.56% |
| 1999 | $31,090,224 | $130,271,093 | 5.42% | $2,403,525,701 | 1.29% |
| 2000 | $40,713,463 | $131,559,102 | 4.68% | $2,811,091,923 | 1.45% |
| 2001 | $39,976,242 | $132,432,299 | 4.20% | $3,153,149,976 | 1.27% |
| 2002 | $42,714,645 | $133,384,128 | 3.79% | $3,519,370,132 | 1.21% |
| 2003 | $42,615,261 | $134,674,171 | 2.85% | $4,725,409,509 | 0.90% |

Overlapping long-term debt as a percentage of estimated full value is another indicator of debt burden. This ratio is slowly trending downward (a positive trend), ending fiscal 2003 at below 1%.

## General Government Operations
## Net Direct Bonded Overlapping Debt Per Capita

***Formula:*** Net Direct Bonded Overlapping Debt/Population

***Warning Trend:*** Increasing trend line



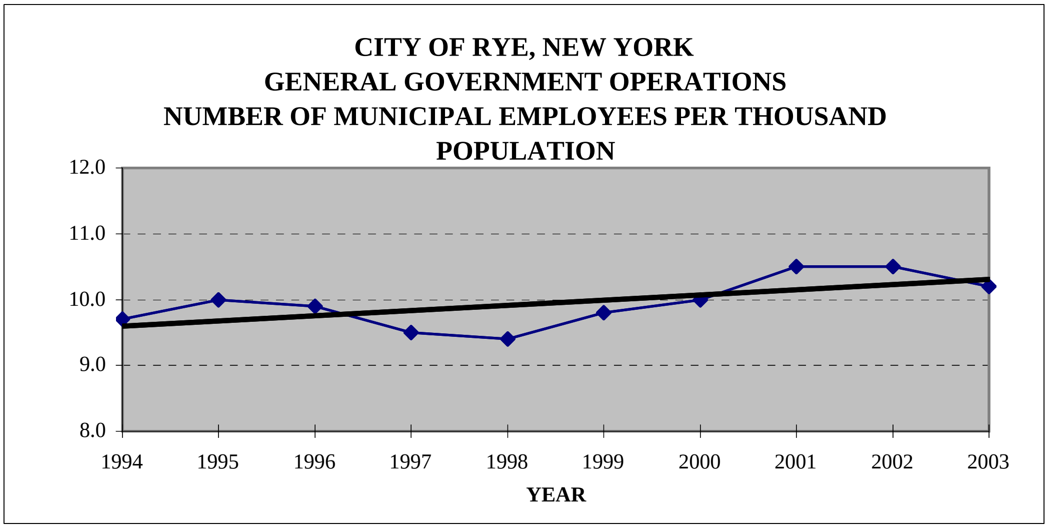

| Year | CPI-U | Population | Net Direct Long-Term Debt | Constant Dollars | Debt Per Capita Actual | Debt Per Capita Constant |
|---|---|---|---|---|---|---|
| 1994 | 158.2 | 15,071 | $26,510,673 | $26,510,673 | $1,759 | $1,759 |
| 1995 | 162.2 | 15,122 | $24,415,334 | $23,813,230 | $1,615 | $1,575 |
| 1996 | 166.9 | 15,164 | $22,644,696 | $21,464,295 | $1,493 | $1,415 |
| 1997 | 170.8 | 15,208 | $30,406,003 | $28,162,937 | $1,999 | $1,852 |
| 1998 | 173.6 | 15,326 | $31,053,089 | $28,298,379 | $2,026 | $1,846 |
| 1999 | 177.0 | 15,176 | $31,090,224 | $27,787,986 | $2,049 | $1,831 |
| 2000 | 182.5 | 14,955 | $40,713,463 | $35,292,438 | $2,722 | $2,360 |
| 2001 | 187.1 | 15,041 | $39,976,242 | $33,801,398 | $2,658 | $2,247 |
| 2002 | 191.9 | 15,092 | $42,714,645 | $35,213,428 | $2,830 | $2,333 |
| 2003 | 197.8 | 15,092 | $42,615,261 | $34,083,591 | $2,824 | $2,258 |

Overlapping long-term debt per capita is another indicator of debt burden, this time on a "per person" basis. The trend is an increasing one, similar to our other debt burden indicators and trends. It is interesting to note that while the debt per capita has risen 60.5% in actual dollars over the ten-year trend period, in terms of inflation-adjusted dollars the trend period increase is only 28% (a straight average of 2.8% per year).

## General Government Operations
## Municipal Employees Per Capita

***Formula:*** Number of Municipal Employees/Population

***Warning Trend:*** Increasing trend line



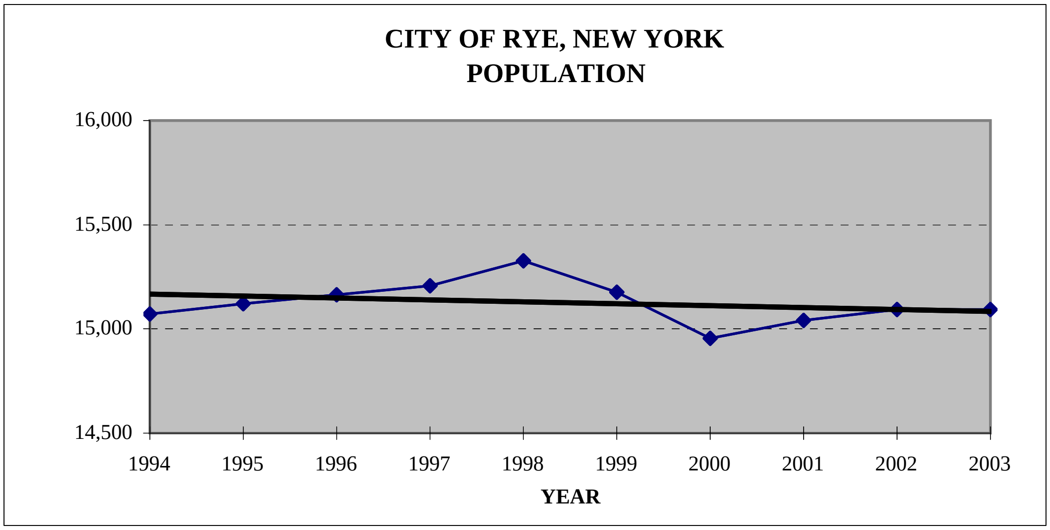

| Year | Municipal Employees | Population | Employees Per Thousand Population |
|---|---|---|---|
| 1994 | 146.0 | 15,071 | 9.7 |
| 1995 | 150.5 | 15,122 | 10.0 |
| 1996 | 150.5 | 15,164 | 9.9 |
| 1997 | 144.5 | 15,208 | 9.5 |
| 1998 | 143.5 | 15,326 | 9.4 |
| 1999 | 149.0 | 15,176 | 9.8 |
| 2000 | 150.0 | 14,955 | 10.0 |
| 2001 | 157.5 | 15,041 | 10.5 |
| 2002 | 158.5 | 15,092 | 10.5 |
| 2003 | 153.5 | 15,092 | 10.2 |

For purposes of this indicator, municipal employees are defined as full time employees actually in service at year end as recorded in our Annual Budget document. An increasing trend in the number of full time employees may foretell expenditures rising faster than revenues, a government that is becoming more labor intensive, and/or a reduction in employee productivity. Our ratio shows a stable trend working within a very narrow range of approximately 10 employees per thousand population for the entire ten-year trend perioc

## General Government Operations
## Population

***Formula:*** Estimated Population per the U.S. Census Bureau

***Warning Trend:*** Decreasing trend line




| Year | Population |
|---|---|
| 1994 | 15,071 |
| 1995 | 15,122 |
| 1996 | 15,164 |
| 1997 | 15,208 |
| 1998 | 15,326 |
| 1999 | 15,176 |
| 2000 | 14,955 |
| 2001 | 15,041 |
| 2002 | 15,092 |
| 2003 | 15,092 |

Changes in population may require us to reconsider the level of programs and services we offer, and the ability of our community to fund such programs and services. Our population figures are per the U.S. Census Bureau, using their Census 2000 count for the year 2000 and their published population estimates for all other years. Our population has remained around 15,000 for the entire ten-year trend period

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## ***Boat Basin Enterprise Fund***

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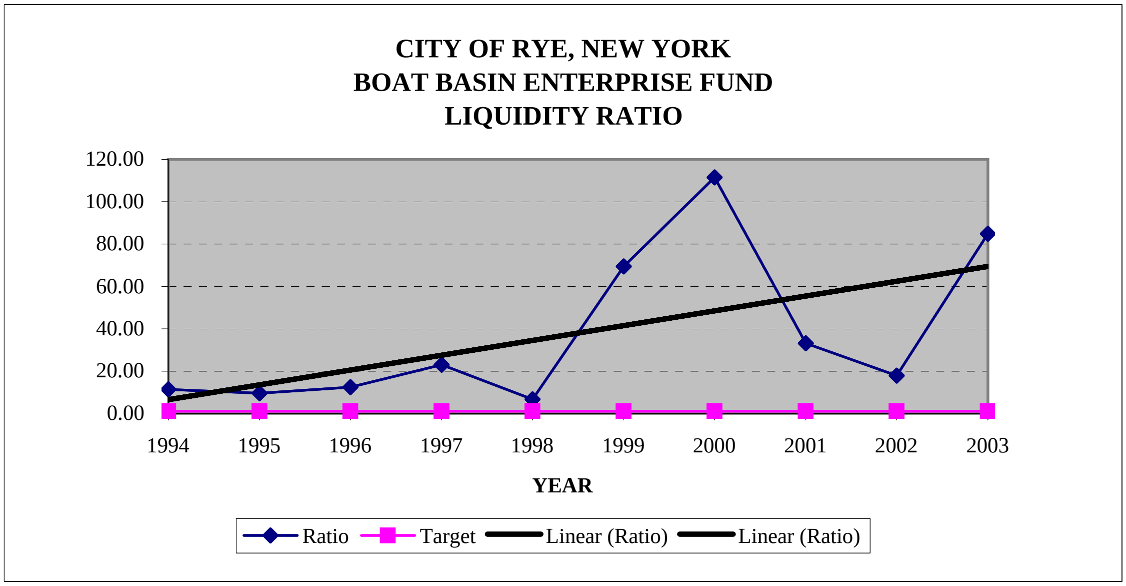
## Boat Basin Enterprise Fund
## Liquidity Ratio

***Formula:*** Cash and Short-Term Investments/Current Liabilities

***Warning Trend:*** Decreasing trend line



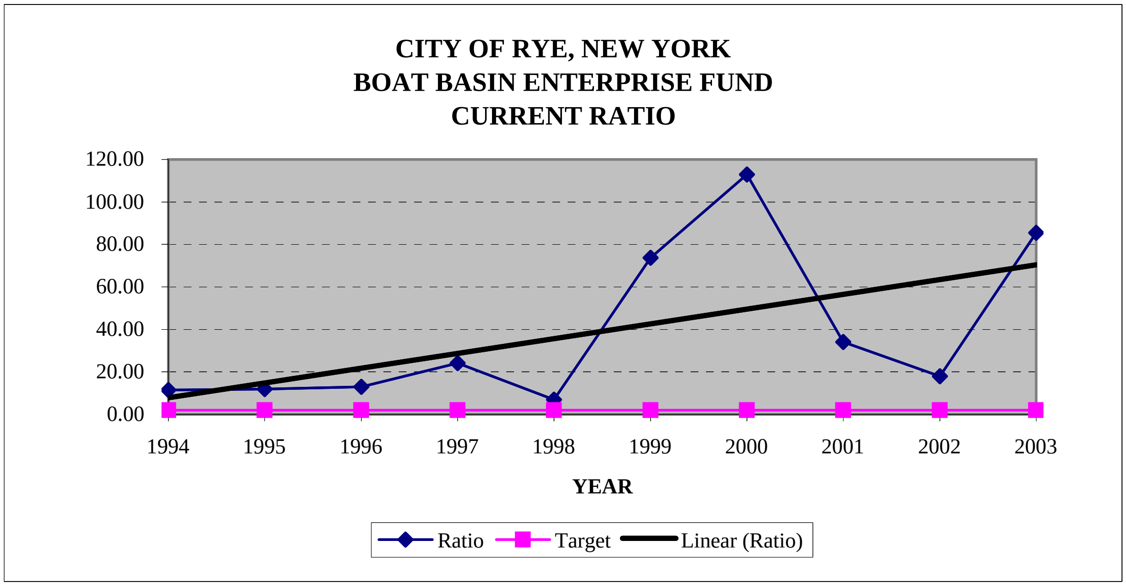

| Year | Cash and Short-Term Investments | Current Liabilities | Liquidity Ratio | Target |
|---|---|---|---|---|
| 1994 | $259,757 | $22,789 | 11.40 | 1.00 |
| 1995 | $313,692 | $32,855 | 9.55 | 1.00 |
| 1996 | $396,664 | $32,135 | 12.34 | 1.00 |
| 1997 | $462,289 | $20,111 | 22.99 | 1.00 |
| 1998 | $590,554 | $88,025 | 6.71 | 1.00 |
| 1999 | $451,772 | $6,511 | 69.39 | 1.00 |
| 2000 | $652,261 | $5,850 | 111.50 | 1.00 |
| 2001 | $815,860 | $24,658 | 33.09 | 1.00 |
| 2002 | $957,007 | $53,578 | 17.86 | 1.00 |
| 2003 | $961,458 | $11,322 | 84.92 | 1.00 |

The liquidity ratio of the Boat Basin Fund remains very strong. Several years of this indicator show a dramatically high (positive) ratio, the result of substantial cash and short-term investments, with minimal current liabilities at the December 31 balance sheet date.

## Boat Basin Enterprise Fund
## Current Ratio

***Formula:*** Current Assets/Current Liabilities

***Warning Trend:*** Decreasing trend line



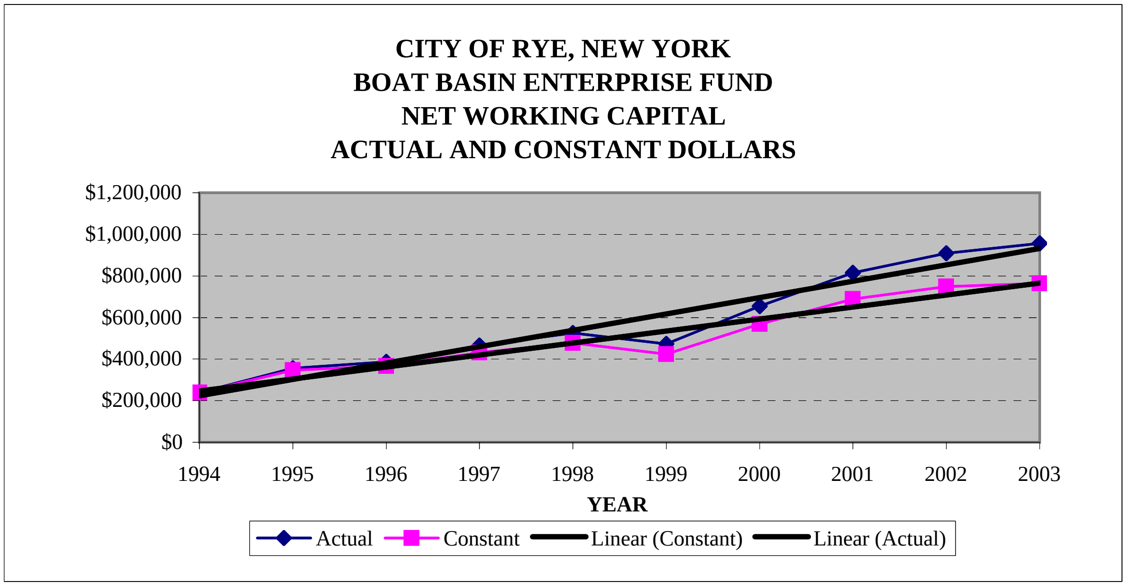

| Year | Current Assets | Current Liabilities | Current Ratio | Target |
|---|---|---|---|---|
| 1994 | $260,820 | $22,789 | 11.44 | 2.00 |
| 1995 | $388,814 | $32,855 | 11.83 | 2.00 |
| 1996 | $418,920 | $32,135 | 13.04 | 2.00 |
| 1997 | $484,996 | $20,111 | 24.12 | 2.00 |
| 1998 | $612,875 | $88,025 | 6.96 | 2.00 |
| 1999 | $479,762 | $6,511 | 73.68 | 2.00 |
| 2000 | $660,790 | $5,850 | 112.96 | 2.00 |
| 2001 | $839,922 | $24,658 | 34.06 | 2.00 |
| 2002 | $961,719 | $53,578 | 17.95 | 2.00 |
| 2003 | $967,301 | $11,322 | 85.44 | 2.00 |

As with the liquidity ratio, the current ratio of the Boat Basin Fund is also very strong, having a positive ratio far beyond normal expectations. Like the liquidity ratio, several years display a high ratio as the result of substantial current assets against minimal current liabilities at year end.

## Boat Basin Enterprise Fund
## Net Working Capital

***Formula:*** Current Assets - Current Liabilities

***Warning Trend:*** Decreasing trend line



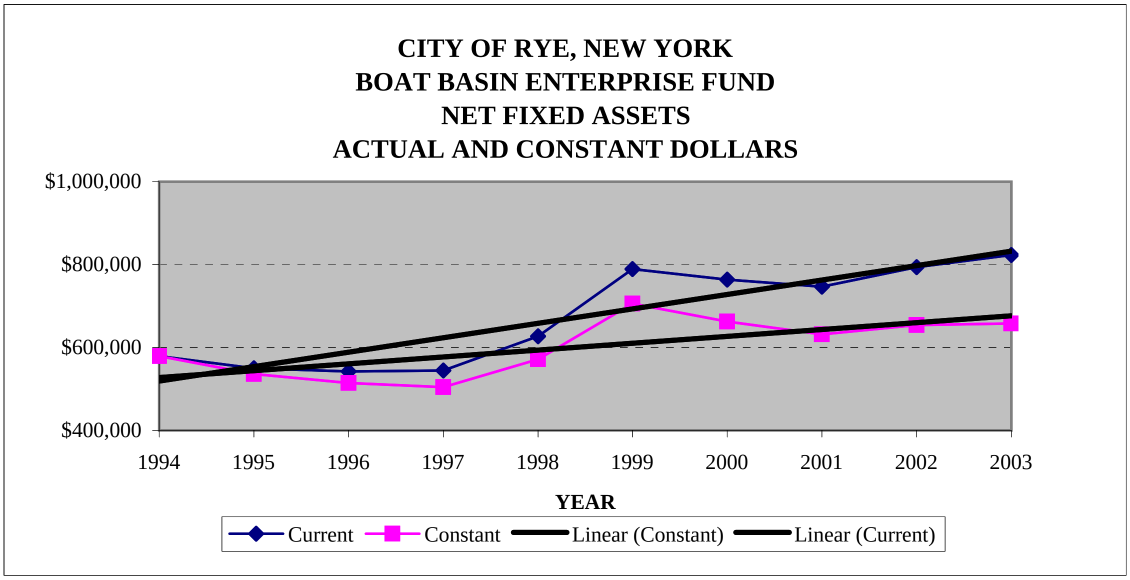

| Year | CPI-U | Current Assets | Current Liabilities | Net Working Capital Actual | Net Working Capital Constant |
|---|---|---|---|---|---|
| 1994 | 158.2 | $260,820 | $22,789 | $238,031 | $238,031 |
| 1995 | 162.2 | $388,814 | $32,855 | $355,959 | $347,181 |
| 1996 | 166.9 | $418,920 | $32,135 | $386,785 | $366,623 |
| 1997 | 170.8 | $484,996 | $20,111 | $464,885 | $430,590 |
| 1998 | 173.6 | $612,875 | $88,025 | $524,850 | $478,291 |
| 1999 | 177.0 | $479,762 | $6,511 | $473,251 | $422,985 |
| 2000 | 182.5 | $660,790 | $5,850 | $654,940 | $567,734 |
| 2001 | 187.1 | $839,922 | $24,658 | $815,264 | $689,336 |
| 2002 | 191.9 | $961,719 | $53,578 | $908,141 | $748,660 |
| 2003 | 197.8 | $967,301 | $11,322 | $955,979 | $764,590 |

Net working capital is defined as current assets less current liabilities, and is another measure of our ability to pay off current amounts due with currently available funds and liquid assets. The 2003 actual dollar net working capital exceeds any of the previous nine years, and the trend is a positive one.

## Boat Basin Enterprise Fund
## Net Fixed Assets

***Formula:*** Fixed Assets - Accumulated Depreciation

***Warning Trend:*** Decreasing trend line



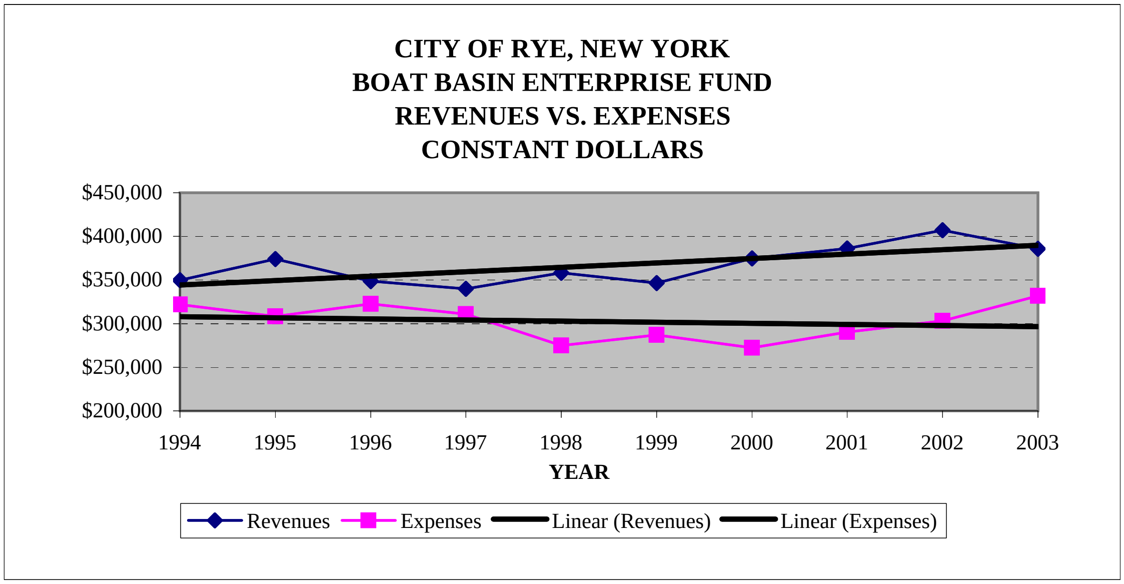

| Year | CPI-U | Fixed Assets | Accumulated Depreciation | Net Fixed Assets Current | Net Fixed Assets Constant |
|---|---|---|---|---|---|
| 1994 | 158.2 | $777,847 | $198,838 | $579,009 | $579,009 |
| 1995 | 162.2 | $804,615 | $255,103 | $549,512 | $535,961 |
| 1996 | 166.9 | $854,243 | $312,015 | $542,228 | $513,963 |
| 1997 | 170.8 | $916,539 | $372,090 | $544,449 | $504,285 |
| 1998 | 173.6 | $1,030,059 | $402,795 | $627,264 | $571,620 |
| 1999 | 177.0 | $1,232,489 | $443,037 | $789,452 | $705,601 |
| 2000 | 182.5 | $1,243,791 | $479,773 | $764,018 | $662,288 |
| 2001 | 187.1 | $1,256,891 | $510,234 | $746,657 | $631,326 |
| 2002 | 191.9 | $1,356,044 | $562,508 | $793,536 | $654,181 |
| 2003 | 197.8 | $1,448,422 | $625,361 | $823,061 | $658,282 |

Net fixed assets are defined as fixed assets (land, buildings, improvements, equipment and machinery, and construction in progress) less accumulated depreciation. This indicator measures our commitment to replacing such assets when they are no longer cost-effective to operate and maintain, or are obsolete. The trend line indicates a substantial increase over the past ten years, representing a positive trend.

## Boat Basin Enterprise Fund
## Net Operating Revenues vs. Net Operating Expenses

***Formula:*** Net Operating Revenues; Net Operating Expenses

***Warning Trend:*** Decreasing distance between trend lines



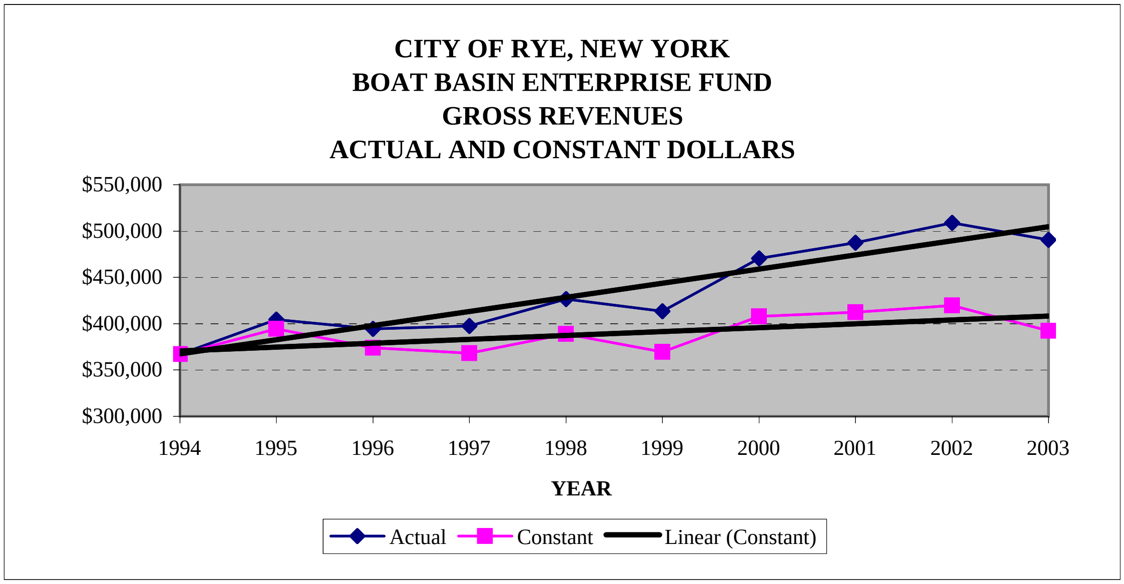

| Year | CPI-U | Actual Revenues | Actual Expenses | Constant Revenues | Constant Expenses |
|---|---|---|---|---|---|
| 1994 | 158.2 | $349,881 | $321,974 | $349,881 | $321,974 |
| 1995 | 162.2 | $383,401 | $316,001 | $373,946 | $308,208 |
| 1996 | 166.9 | $367,803 | $340,486 | $348,631 | $322,737 |
| 1997 | 170.8 | $367,013 | $335,471 | $339,938 | $310,723 |
| 1998 | 173.6 | $392,956 | $301,545 | $358,097 | $274,795 |
| 1999 | 177.0 | $387,843 | $321,000 | $346,648 | $286,905 |
| 2000 | 182.5 | $432,455 | $314,011 | $374,873 | $272,200 |
| 2001 | 187.1 | $456,686 | $343,146 | $386,145 | $290,143 |
| 2002 | 191.9 | $493,792 | $367,920 | $407,076 | $303,309 |
| 2003 | 197.8 | $482,094 | $414,987 | $385,578 | $331,906 |

Within the trend timeline, revenues of the Boat Basin have always been above expenses. In some years the difference between them was greater than in other years. The variability of weather conditions can have a dramatic effect on Boat Basin operations. Good weather can bring higher revenues and lower expenses, while inclement weather can result in lower revenues and higher expenses. The linear trend lines for revenues and expenditures clearly shows that despite interperiod variances, there is an increasing (positive) spread.

## Boat Basin Enterprise Fund
## Gross Revenues

***Formula:*** Operating Revenues + Non-Operating Revenues

***Warning Trend:*** Decreasing trend line



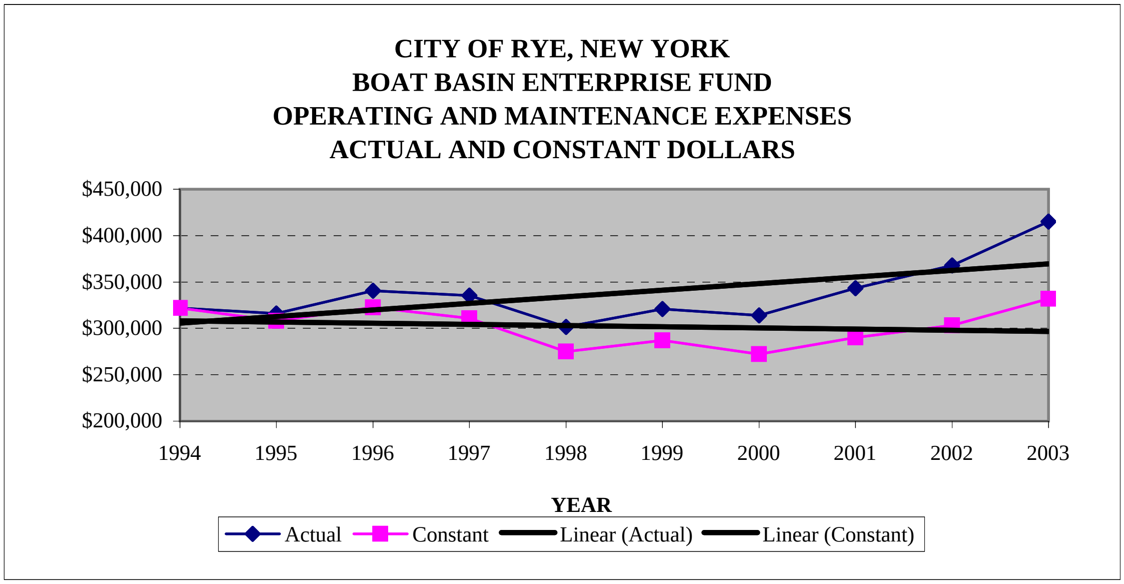

| Year | CPI-U | Gross Revenues Actual | Gross Revenues Constant |
|---|---|---|---|
| 1994 | 158.2 | $367,026 | $367,026 |
| 1995 | 162.2 | $404,432 | $394,458 |
| 1996 | 166.9 | $394,521 | $373,956 |
| 1997 | 170.8 | $397,609 | $368,277 |
| 1998 | 173.6 | $426,724 | $388,869 |
| 1999 | 177.0 | $413,421 | $369,510 |
| 2000 | 182.5 | $470,494 | $407,847 |
| 2001 | 187.1 | $487,541 | $412,234 |
| 2002 | 191.9 | $508,997 | $419,611 |
| 2003 | 197.8 | $490,605 | $392,385 |

Gross revenues are defined as all revenues, including charges for services, miscellaneous items, and interest income. Gross revenues are shown in actual and inflation-adjusted dollars. While the trend lines for both actual and constant dollars are positive, the upward trend line in constant dollars is far less dramatic than the one in actual dollars. This indicates that we must consider the impact of inflation when establishing fees and charges.

## Boat Basin Enterprise Fund
## Operating and Maintenance Expenses

***Formula:*** Operating and Maintenance Expenses

***Warning Trend:*** Increasing trend line



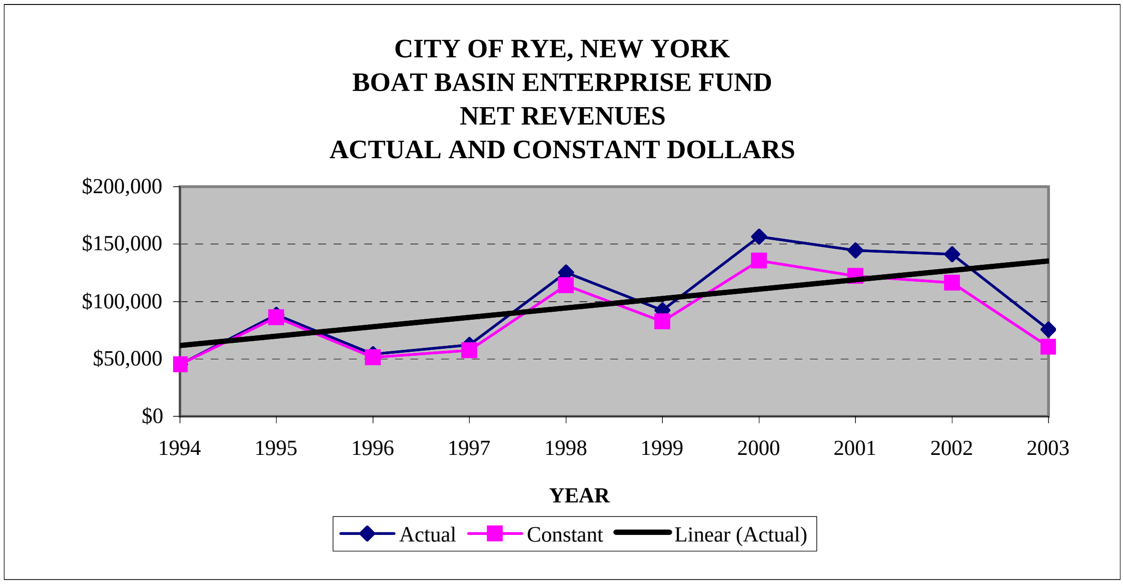

| Year | CPI-U | Operating Expenses Actual | Operating Expenses Constant |
|---|---|---|---|
| 1994 | 158.2 | $321,974 | $321,974 |
| 1995 | 162.2 | $316,001 | $308,208 |
| 1996 | 166.9 | $340,486 | $322,737 |
| 1997 | 170.8 | $335,471 | $310,723 |
| 1998 | 173.6 | $301,545 | $274,795 |
| 1999 | 177.0 | $321,000 | $286,905 |
| 2000 | 182.5 | $314,011 | $272,200 |
| 2001 | 187.1 | $343,146 | $290,143 |
| 2002 | 191.9 | $367,920 | $303,309 |
| 2003 | 197.8 | $414,987 | $331,906 |

Operating and maintenance expenses are defined as all expenses related to the operation and maintenance of an enterprise, including salaries and wages, employee benefits, materials and supplies, contractual costs, interest expense and depreciation. Operating and maintenance expenses are shown both in actual and constant dollars. Our actual trend shows a slight increase over the past ten years, and when accounted for in inflation-adjusted dollars, shows a decline. This is a positive trend, as it indicates a good control over expenses.

## Boat Basin Enterprise Fund
## Net Revenues

***Formula:*** Gross Revenues - Operating and Maintenance Expenses

***Warning Trend:*** Decreasing trend line



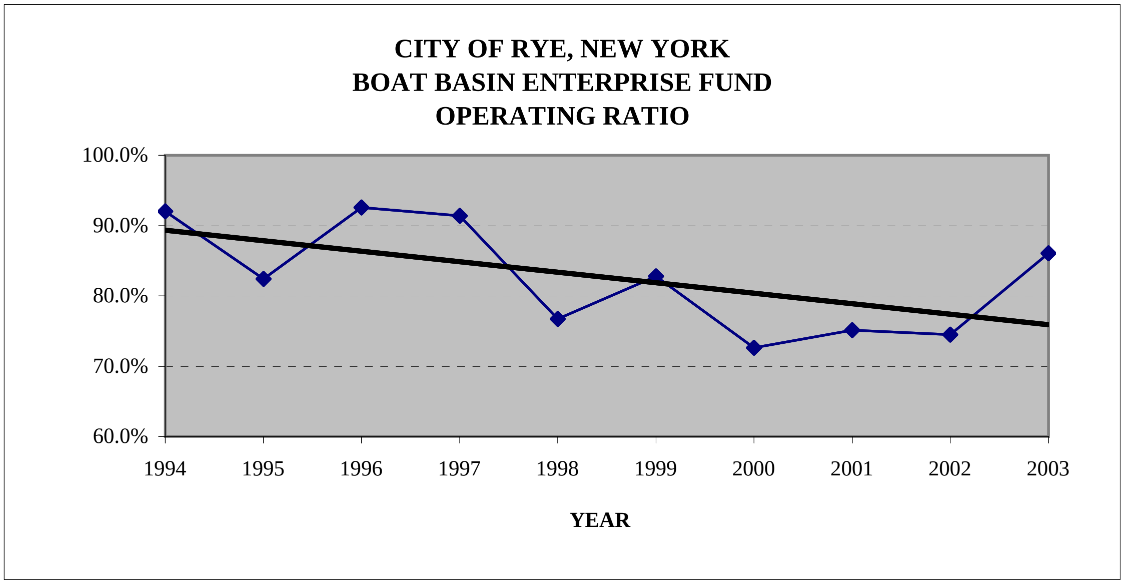

| Year | CPI-U | Net Revenues Actual | Net Revenues Constant |
|---|---|---|---|
| 1994 | 158.2 | $45,052 | $45,052 |
| 1995 | 162.2 | $88,431 | $86,250 |
| 1996 | 166.9 | $54,035 | $51,218 |
| 1997 | 170.8 | $62,138 | $57,554 |
| 1998 | 173.6 | $125,179 | $114,074 |
| 1999 | 177.0 | $92,421 | $82,605 |
| 2000 | 182.5 | $156,483 | $135,647 |
| 2001 | 187.1 | $144,395 | $122,091 |
| 2002 | 191.9 | $141,079 | $116,304 |
| 2003 | 197.8 | $75,618 | $60,479 |

Net revenues are defined as all revenues less operating and maintenance expenses, and is also known as net income. This indicator measures our efficiency at covering expenses with revenue, and an upward trend is a positive one. Our overall trend at the Boat Basin is a positive one, even though there is some inter-period fluctuation. Net revenues can be affected dramatically by seasonal weather conditions.

## Boat Basin Enterprise Fund
## Operating Ratio

***Formula:*** Operating and Maintenance Expenses/Operating Revenues

***Warning Trend:*** Increasing trend line



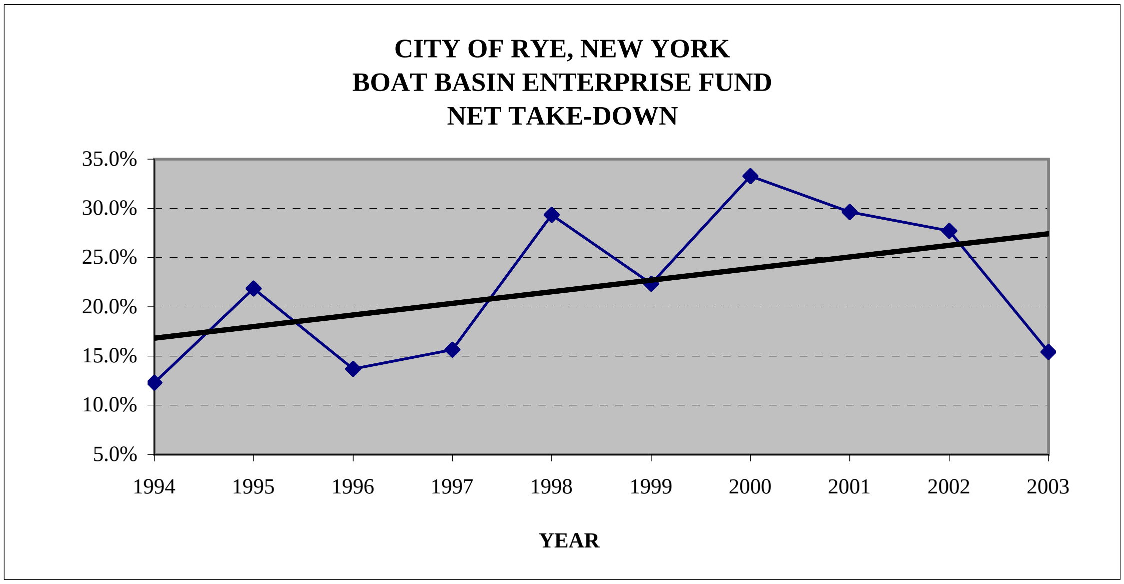

| Year | Operating Expenses | Operating Revenues | Net Operating Ratio |
|---|---|---|---|
| 1994 | $321,974 | $349,881 | 92.0% |
| 1995 | $316,001 | $383,401 | 82.4% |
| 1996 | $340,486 | $367,803 | 92.6% |
| 1997 | $335,471 | $367,013 | 91.4% |
| 1998 | $301,545 | $392,956 | 76.7% |
| 1999 | $321,000 | $387,843 | 82.8% |
| 2000 | $314,011 | $432,455 | 72.6% |
| 2001 | $343,146 | $456,686 | 75.1% |
| 2002 | $367,920 | $493,792 | 74.5% |
| 2003 | $414,987 | $482,094 | 86.1% |

Operating ratio is defined as the operating and maintenance expenses divided by operating revenues, and is another way of measuring operating results. A decreasing trend is a positive trend, and this indicator for our Boat Basin shows that our trend is positive.

## Boat Basin Enterprise Fund
## Net Take-Down

***Formula:*** Net Revenues/Gross Revenues

***Warning Trend:*** Decreasing trend line




| Year | Net Revenues | Gross Revenues | Net Take-down Ratio |
|---|---|---|---|
| 1994 | $45,052 | $367,026 | 12.3% |
| 1995 | $88,431 | $404,432 | 21.9% |
| 1996 | $54,035 | $394,521 | 13.7% |
| 1997 | $62,138 | $397,609 | 15.6% |
| 1998 | $125,179 | $426,724 | 29.3% |
| 1999 | $92,421 | $413,421 | 22.4% |
| 2000 | $156,483 | $470,494 | 33.3% |
| 2001 | $144,395 | $487,541 | 29.6% |
| 2002 | $141,079 | $508,997 | 27.7% |
| 2003 | $75,618 | $490,605 | 15.4% |

Net take-down is defined as net revenues to gross revenues. Increasing net take-down is a positive trend. The overall trend of our Boat Basin has been an increasing one (positive) despite some interperiod fluctuations.

## ***Golf Club Enterprise Fund***

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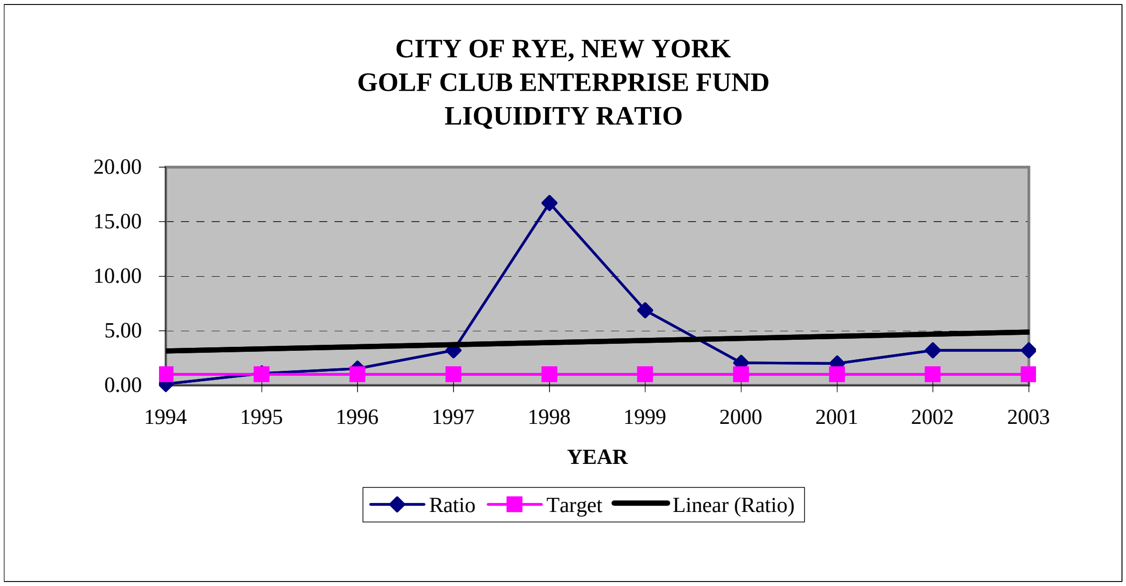
## Golf Club Enterprise Fund
## Liquidity Ratio

***Formula:*** Cash and Short-Term Investments/Current Liabilities

***Warning Trend:*** Decreasing trend line



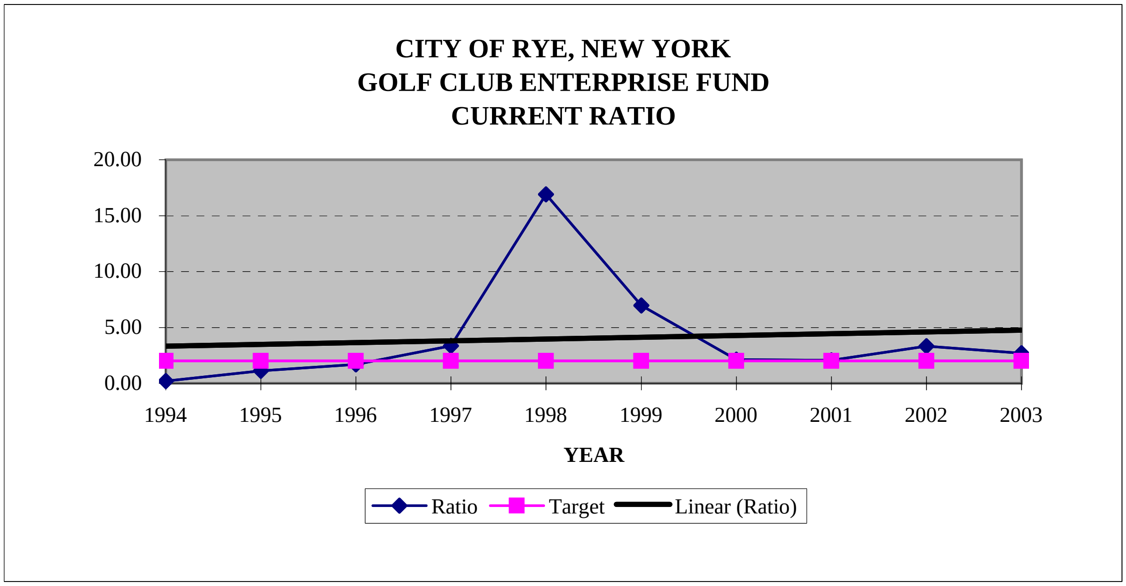

| Year | Cash and Short-Term Investments | Current Liabilities | Liquidity Ratio | Target |
|---|---|---|---|---|
| 1994 | $44,957 | $362,570 | 0.12 | 1.00 |
| 1995 | $194,789 | $179,810 | 1.08 | 1.00 |
| 1996 | $315,074 | $205,597 | 1.53 | 1.00 |
| 1997 | $574,617 | $179,118 | 3.21 | 1.00 |
| 1998 | $6,118,653 | $366,062 | 16.71 | 1.00 |
| 1999 | $5,666,428 | $823,439 | 6.88 | 1.00 |
| 2000 | $2,003,693 | $980,331 | 2.04 | 1.00 |
| 2001 | $1,062,265 | $528,821 | 2.01 | 1.00 |
| 2002 | $1,515,054 | $472,982 | 3.20 | 1.00 |
| 2003 | $1,745,809 | $544,406 | 3.21 | 1.00 |

Liquidity for the Golf Club met target in 1995 (prior to which it was below target), and has remained above target since that time. The dramatic jump in 1998 reflects the receipt of cash related to our 1998 Series A and B bond proceeds. Excluding the bond proceeds from the calculation would still have resulted in a positive ratio of almost 2:1. As seen in the chart, the ratio continues in its upward trend, ending the year 2003 at a level of over 3:1.

## Golf Club Enterprise Fund
## Current Ratio

***Formula:*** Current Assets/Current Liabilities

***Warning Trend:*** Decreasing trend line



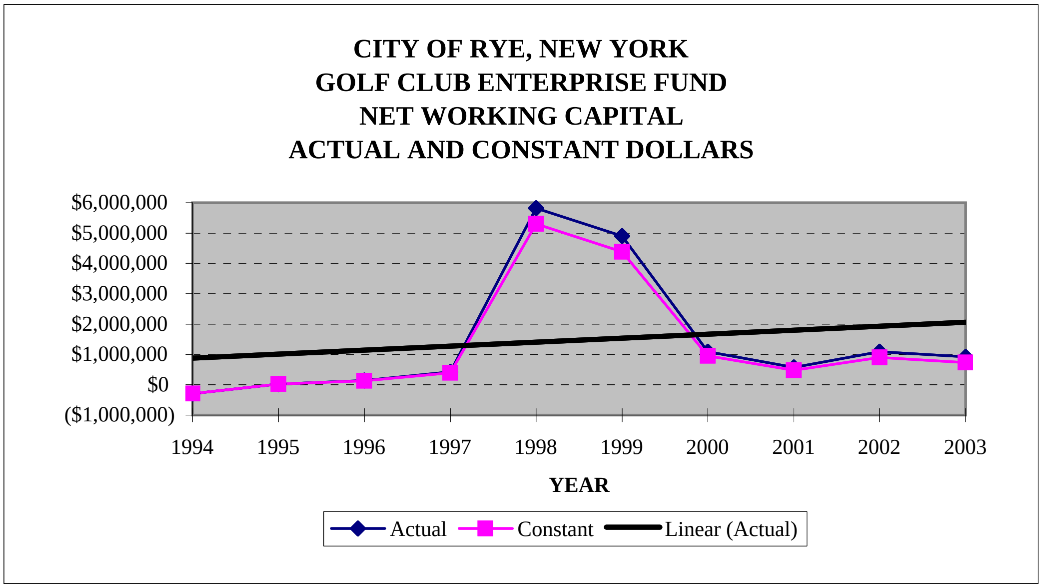

| Year | Current Assets | Current Liabilities | Current Ratio | Target |
|---|---|---|---|---|
| 1994 | $70,837 | $362,570 | 0.20 | 2.00 |
| 1995 | $200,519 | $179,810 | 1.12 | 2.00 |
| 1996 | $347,082 | $205,597 | 1.69 | 2.00 |
| 1997 | $600,573 | $179,118 | 3.35 | 2.00 |
| 1998 | $6,185,103 | $366,062 | 16.90 | 2.00 |
| 1999 | $5,723,764 | $823,439 | 6.95 | 2.00 |
| 2000 | $2,074,976 | $980,331 | 2.12 | 2.00 |
| 2001 | $1,097,533 | $528,821 | 2.08 | 2.00 |
| 2002 | $1,566,274 | $472,982 | 3.31 | 2.00 |
| 2003 | $1,462,964 | $544,406 | 2.69 | 2.00 |

The current ratio for the Golf Club met target in 1997. As with the liquidity ratio, the dramatic jump in 1998 is attributed to the 1998 Series A and B bond proceeds, and exclusive of the bond proceeds the ratio would still have remained a positive 2.14:1.

## Golf Club Enterprise Fund
## Net Working Capital

***Formula:*** Current Assets - Current Liabilities

***Warning Trend:*** Decreasing trend line



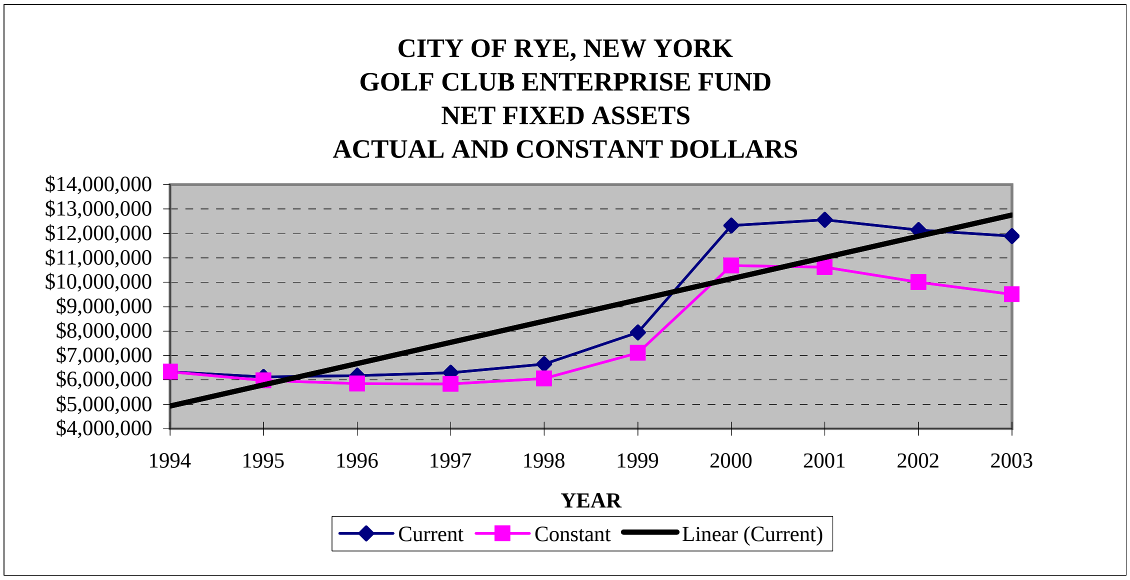

| Year | CPI-U | Current Assets | Current Liabilities | Net Working Capital Actual | Net Working Capital Constant |
|---|---|---|---|---|---|
| 1994 | 158.2 | $70,837 | $362,570 | ($291,733) | ($291,733) |
| 1995 | 162.2 | $200,519 | $179,810 | $20,709 | $20,198 |
| 1996 | 166.9 | $347,082 | $205,597 | $141,485 | $134,110 |
| 1997 | 170.8 | $600,573 | $179,118 | $421,455 | $390,364 |
| 1998 | 173.6 | $6,185,103 | $366,062 | $5,819,041 | $5,302,836 |
| 1999 | 177.0 | $5,723,764 | $823,439 | $4,900,325 | $4,379,839 |
| 2000 | 182.5 | $2,074,976 | $980,331 | $1,094,645 | $948,892 |
| 2001 | 187.1 | $1,097,533 | $528,821 | $568,712 | $480,867 |
| 2002 | 191.9 | $1,566,274 | $472,982 | $1,093,292 | $901,296 |
| 2003 | 197.8 | $1,462,964 | $544,406 | $918,558 | $734,661 |

Net working capital is defined as current assets less current liabilities, and is another measure of our ability to pay off current amounts due with currently available funds and liquid assets. In the first three years of its existence as an enterprise fund, the Golf Club struggled to reach a positive net working capital position. The dramatic increase from 1998 through 2000 is due to the receipt of the 1998 serial bond proceeds. While it has otherwise slowly increased since 1997, the overall trend is relatively flat.

## Golf Club Enterprise Fund
## Net Fixed Assets

***Formula:*** Fixed Assets - Accumulated Depreciation

***Warning Trend:*** Decreasing trend line



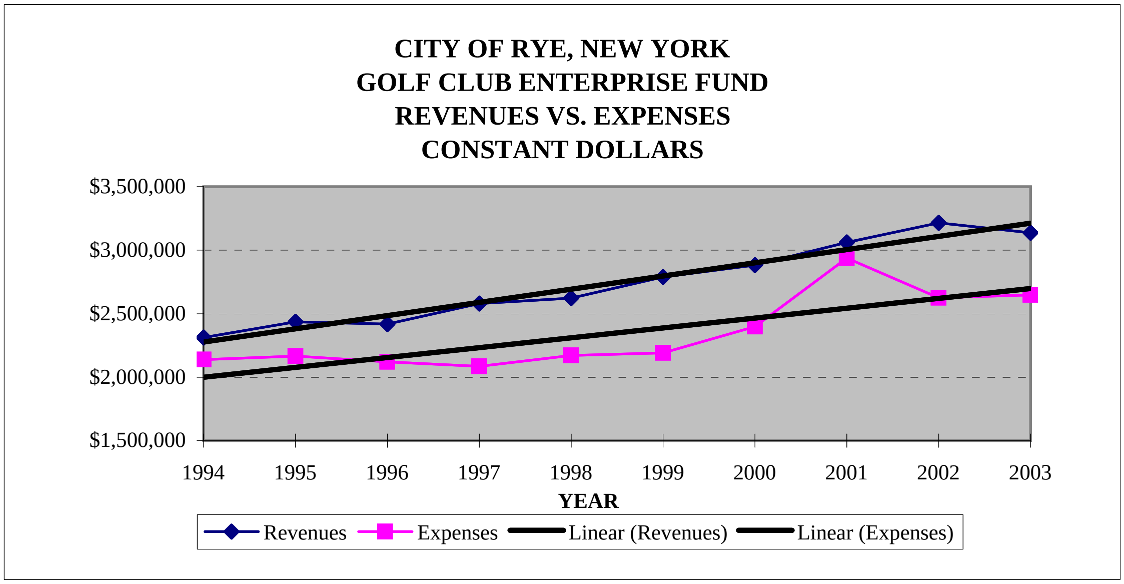

| Year | CPI-U | Fixed Assets | Accumulated Depreciation | Net Fixed Assets Current | Net Fixed Assets Constant |
|---|---|---|---|---|---|
| 1994 | 158.2 | $7,755,446 | $1,428,037 | $6,327,409 | $6,327,409 |
| 1995 | 162.2 | $7,818,468 | $1,693,451 | $6,125,017 | $5,973,968 |
| 1996 | 166.9 | $8,131,160 | $1,958,203 | $6,172,957 | $5,851,179 |
| 1997 | 170.8 | $8,526,479 | $2,228,236 | $6,298,243 | $5,833,619 |
| 1998 | 173.6 | $9,190,108 | $2,537,012 | $6,653,096 | $6,062,902 |
| 1999 | 177.0 | $10,819,235 | $2,871,717 | $7,947,518 | $7,103,375 |
| 2000 | 182.5 | $15,539,026 | $3,212,841 | $12,326,185 | $10,684,945 |
| 2001 | 187.1 | $15,746,414 | $3,181,727 | $12,564,687 | $10,623,910 |
| 2002 | 191.9 | $15,774,556 | $3,639,270 | $12,135,286 | $10,004,181 |
| 2003 | 197.8 | $15,766,198 | $3,879,102 | $11,887,096 | $9,507,273 |

Net fixed assets are defined as fixed assets (land, buildings, equipment, and construction in progress) less accumulated depreciation. This indicator measures our commitment to replacing such assets when they are no longer cost-effective to operate and maintain or are obsolete. The trend line indicates a major positive trend upwards, representing a number of capital improvements to the golf course and facilities that came into service during the trend period.

## Golf Club Enterprise Fund
## Net Operating Revenues vs. Net Operating Expenses

***Formula:*** Net Operating Revenues; Net Operating Expenses

***Warning Trend:*** Decreasing distance between trend lines



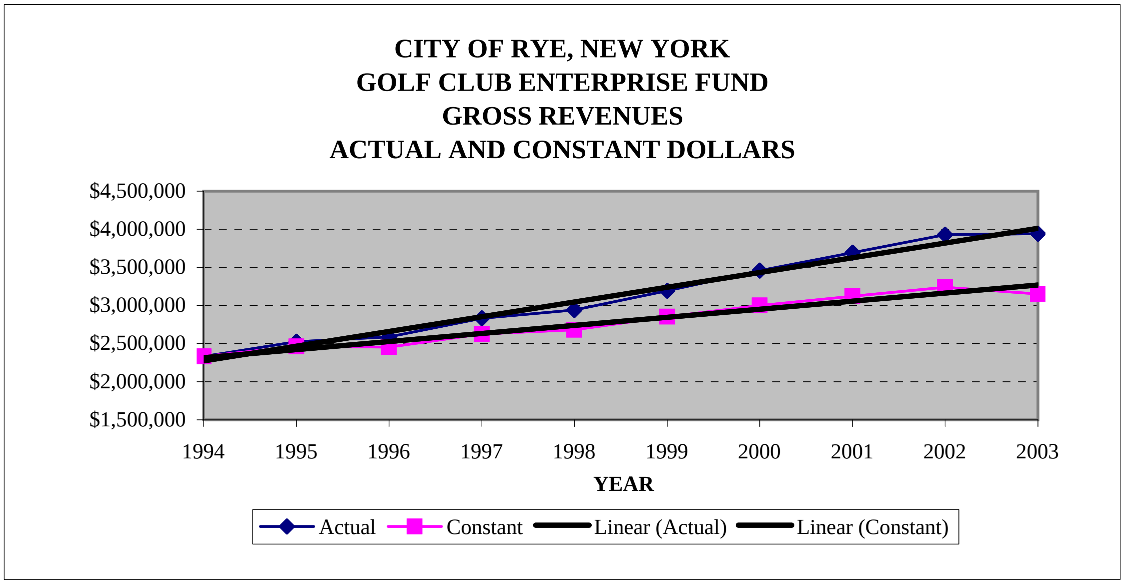

| Year | CPI-U | Actual Revenues | Actual Expenses | Constant Revenues | Constant Expenses |
|---|---|---|---|---|---|
| 1994 | 158.2 | $2,313,204 | $2,137,764 | $2,313,204 | $2,137,764 |
| 1995 | 162.2 | $2,496,422 | $2,221,339 | $2,434,858 | $2,166,559 |
| 1996 | 166.9 | $2,552,223 | $2,238,339 | $2,419,183 | $2,121,661 |
| 1997 | 170.8 | $2,785,165 | $2,251,765 | $2,579,702 | $2,085,651 |
| 1998 | 173.6 | $2,876,329 | $2,382,686 | $2,621,171 | $2,171,319 |
| 1999 | 177.0 | $3,118,902 | $2,452,587 | $2,787,629 | $2,192,086 |
| 2000 | 182.5 | $3,324,320 | $2,766,308 | $2,881,685 | $2,397,972 |
| 2001 | 187.1 | $3,621,291 | $3,473,176 | $3,061,936 | $2,936,699 |
| 2002 | 191.9 | $3,901,304 | $3,185,040 | $3,216,187 | $2,625,708 |
| 2003 | 197.8 | $3,922,787 | $3,308,738 | $3,137,436 | $2,646,321 |

Net operating revenues compared to net operating expenses of the Golf Club were on an increasingly positive trend that appears to have peaked in 2001, declined in 2002 and remained flat in 2003. This is an indication that our revenues are not keeping pace with expenses, and that future budgets should reflect a commitment to maintain a sound profit margin.

## Golf Club Enterprise Fund
## Gross Revenues

***Formula:*** Operating Revenues + Non-Operating Revenues

***Warning Trend:*** Decreasing trend line



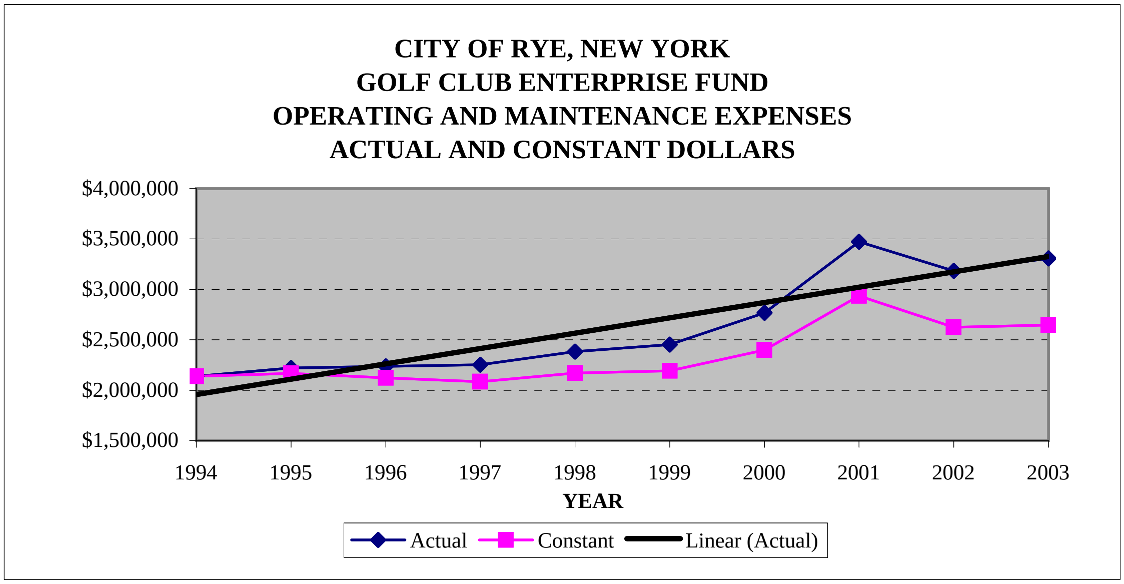

| Year | CPI-U | Gross Revenues Actual | Gross Revenues Constant |
|---|---|---|---|
| 1994 | 158.2 | $2,330,119 | $2,330,119 |
| 1995 | 162.2 | $2,524,560 | $2,462,302 |
| 1996 | 166.9 | $2,589,189 | $2,454,222 |
| 1997 | 170.8 | $2,833,582 | $2,624,547 |
| 1998 | 173.6 | $2,941,891 | $2,680,917 |
| 1999 | 177.0 | $3,191,484 | $2,852,502 |
| 2000 | 182.5 | $3,459,579 | $2,998,934 |
| 2001 | 187.1 | $3,691,753 | $3,121,514 |
| 2002 | 191.9 | $3,928,570 | $3,238,665 |
| 2003 | 197.8 | $3,939,988 | $3,151,194 |

Gross revenues are defined as all revenues, including charges for services, miscellaneous items, and interest income. Gross revenues are shown in actual and inflation-adjusted dollars. Gross revenues have been on a steady increase at the Golf Club, but may be flattening, an indication that our fee structure should be reviewed to ensure a sound revenue stream.

## Golf Club Enterprise Fund
## Operating and Maintenance Expenses

***Formula:*** Operating and Maintenance Expenses

***Warning Trend:*** Increasing trend line



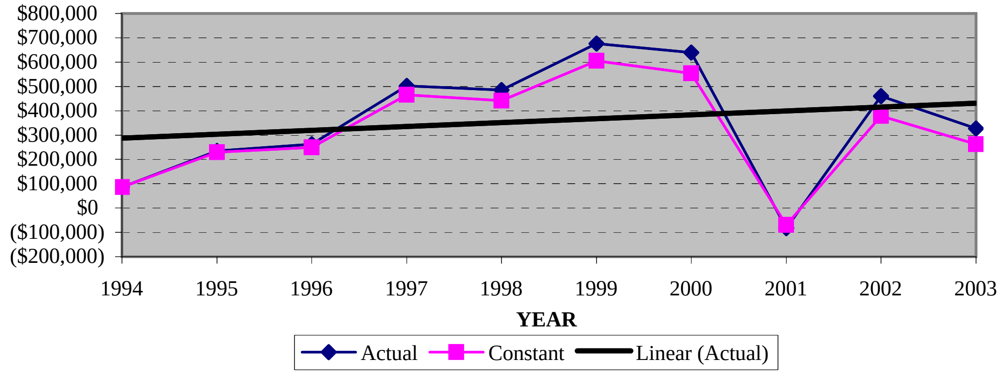

| Year | CPI-U | Operating Expenses Actual | Operating Expenses Constant |
|---|---|---|---|
| 1994 | 158.2 | $2,137,764 | $2,137,764 |
| 1995 | 162.2 | $2,221,339 | $2,166,559 |
| 1996 | 166.9 | $2,238,339 | $2,121,661 |
| 1997 | 170.8 | $2,251,765 | $2,085,651 |
| 1998 | 173.6 | $2,382,686 | $2,171,319 |
| 1999 | 177.0 | $2,452,587 | $2,192,086 |
| 2000 | 182.5 | $2,766,308 | $2,397,972 |
| 2001 | 187.1 | $3,473,176 | $2,936,699 |
| 2002 | 191.9 | $3,185,040 | $2,625,708 |
| 2003 | 197.8 | $3,308,738 | $2,646,321 |

Operating and maintenance expenses are defined as all expenses related to the operation and maintenance of an enterprise, including salaries and wages, employee benefits, materials and supplies, contractual costs, interest expense and depreciation. Golf Club operating and maintenance expenses show a slightly upward trend, with a decrease in the last two years of the trend period.

## Golf Club Enterprise Fund
## Net Revenues

***Formula:*** Gross Revenues - Operating and Maintenance Expenses

***Warning Trend:*** Decreasing trend line



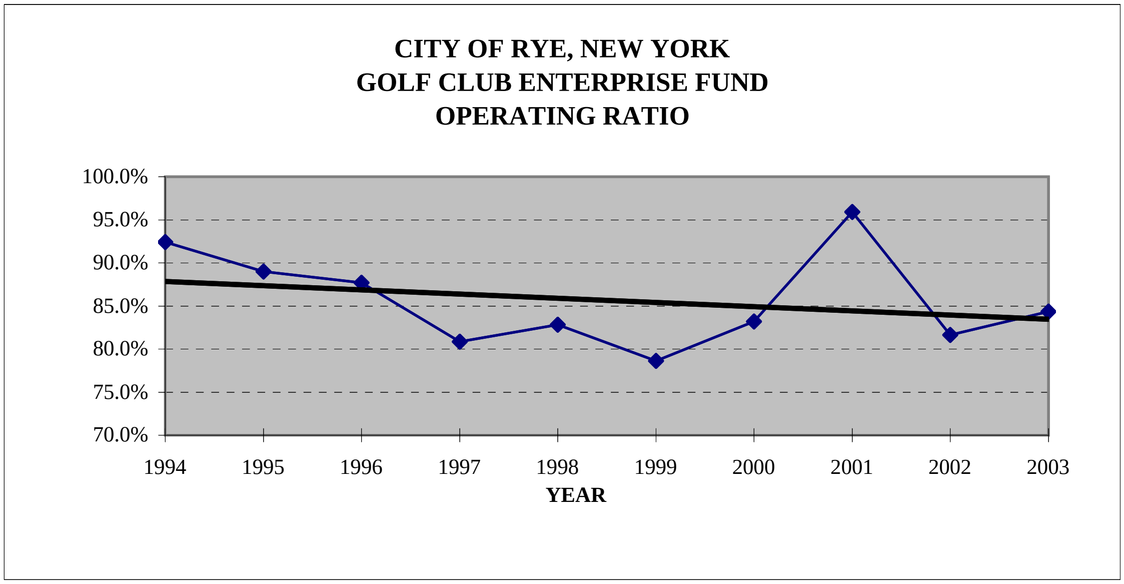

| Year | CPI-U | Net Revenues Actual | Net Revenues Constant |
|---|---|---|---|
| 1994 | 158.2 | $86,392 | $86,392 |
| 1995 | 162.2 | $235,051 | $229,254 |
| 1996 | 166.9 | $262,913 | $249,208 |
| 1997 | 170.8 | $502,254 | $465,202 |
| 1998 | 173.6 | $485,039 | $442,011 |
| 1999 | 177.0 | $676,456 | $604,606 |
| 2000 | 182.5 | $639,205 | $554,094 |
| 2001 | 187.1 | ($82,579) | ($69,824) |
| 2002 | 191.9 | $459,680 | $378,955 |
| 2003 | 197.8 | $327,398 | $261,852 |

Net revenues, also known as net income, is defined as all revenues less operating and maintenance expenses. This indicator measures our efficiency at covering expenses with revenue, and an upward trend is a positive one. Net revenues of the Golf Club were in a upward trend for the first half of the trend period, but have declined in the last five years. Care should be taken to ensure that the negative results of fiscal 2001 are not repeated and that future years show a return to a positive upward trend.

## Golf Club Enterprise Fund
## Operating Ratio

***Formula:*** Operating and Maintenance Expenses/Operating Revenues

***Warning Trend:*** Increasing trend line



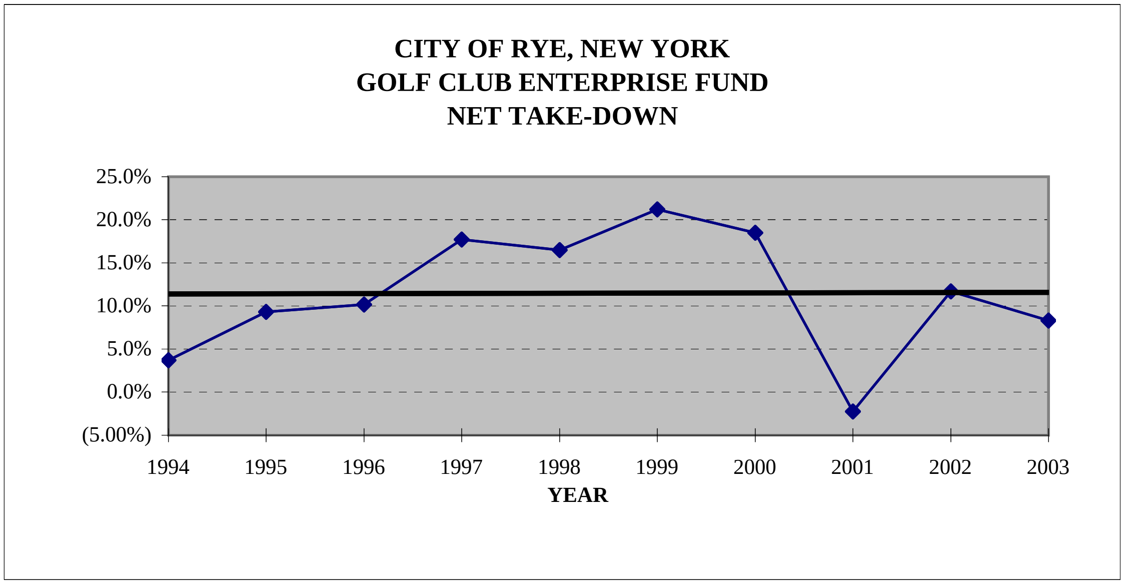

| Year | Operating Expenses | Operating Revenues | Net Operating Ratio |
|---|---|---|---|
| 1994 | $2,137,764 | $2,313,204 | 92.4% |
| 1995 | $2,221,339 | $2,496,422 | 89.0% |
| 1996 | $2,238,339 | $2,552,223 | 87.7% |
| 1997 | $2,251,765 | $2,785,165 | 80.8% |
| 1998 | $2,382,686 | $2,876,329 | 82.8% |
| 1999 | $2,452,587 | $3,118,902 | 78.6% |
| 2000 | $2,766,308 | $3,324,320 | 83.2% |
| 2001 | $3,473,176 | $3,621,291 | 95.9% |
| 2002 | $3,185,040 | $3,901,304 | 81.6% |
| 2003 | $3,308,738 | $3,922,787 | 84.3% |

Operating ratio is defined as the operating and maintenance expenses divided by operating revenues, and is another way of measuring operating results. A decreasing trend is a positive trend. The Golf Club's has been on a positive, but inconsistent, trend downward. The downward trend indicates that less of our revenue is required to cover our operating and maintenance expenses. Future operations should be monitored closely to ensure that the net operating ratio does not exceed 100%.

## Golf Club Enterprise Fund
## Net Take-Down

***Formula:*** Net Revenues/Gross Revenues

***Warning Trend:*** Decreasing trend line



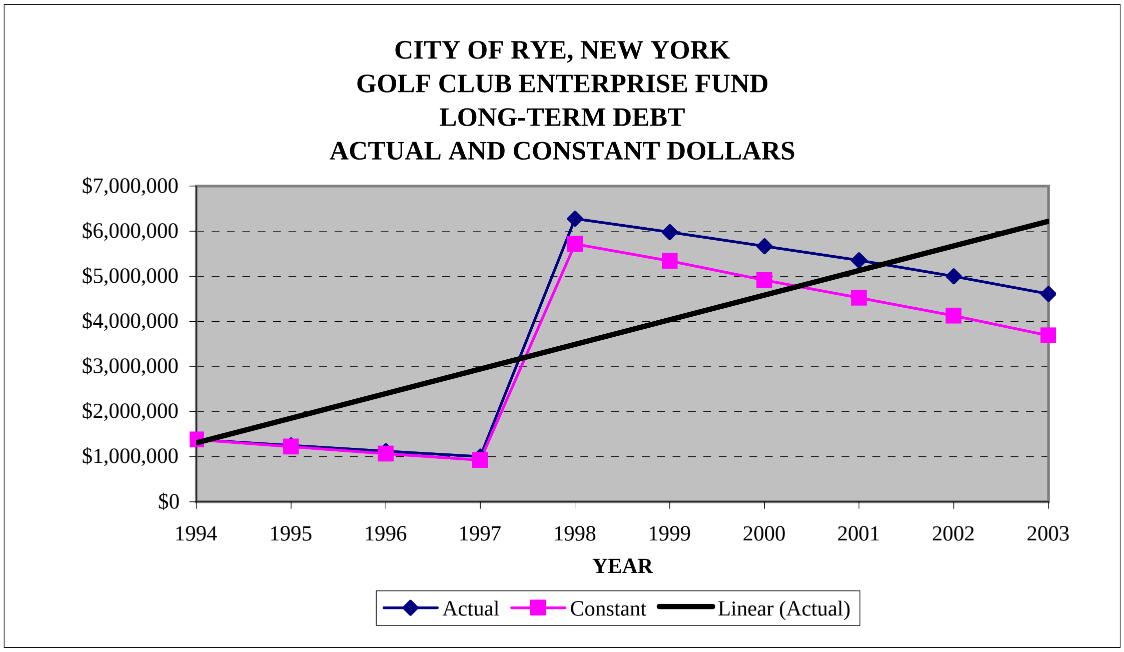

| Year | Net Revenues | Gross Revenues | Net Take-down Ratio |
|---|---|---|---|
| 1994 | $86,392 | $2,330,119 | 3.7% |
| 1995 | $235,051 | $2,524,560 | 9.3% |
| 1996 | $262,913 | $2,589,189 | 10.2% |
| 1997 | $502,254 | $2,833,582 | 17.7% |
| 1998 | $485,039 | $2,941,891 | 16.5% |
| 1999 | $676,456 | $3,191,484 | 21.2% |
| 2000 | $639,205 | $3,459,579 | 18.5% |
| 2001 | ($82,579) | $3,691,753 | (2.24%) |
| 2002 | $459,680 | $3,928,570 | 11.7% |
| 2003 | $327,398 | $3,939,988 | 8.3% |

Net take-down is defined as net revenues to gross revenues. Increasing net take-down is a positive trend. Our Golf Club net take-down shows a flat trend with significant interperiod variation. Fiscal 2001 resulted in a negative net take-down, an indication that action had to be taken to increase our profit margin, and the results of 2002 and 2003 indicate that we must take action in future budgets to ensure a continued positive upward trend.

## Golf Club Enterprise Fund
## Long-Term Debt

***Formula:*** Current and Non-Current Long-Term Debt

***Warning Trend:*** Increasing trend line



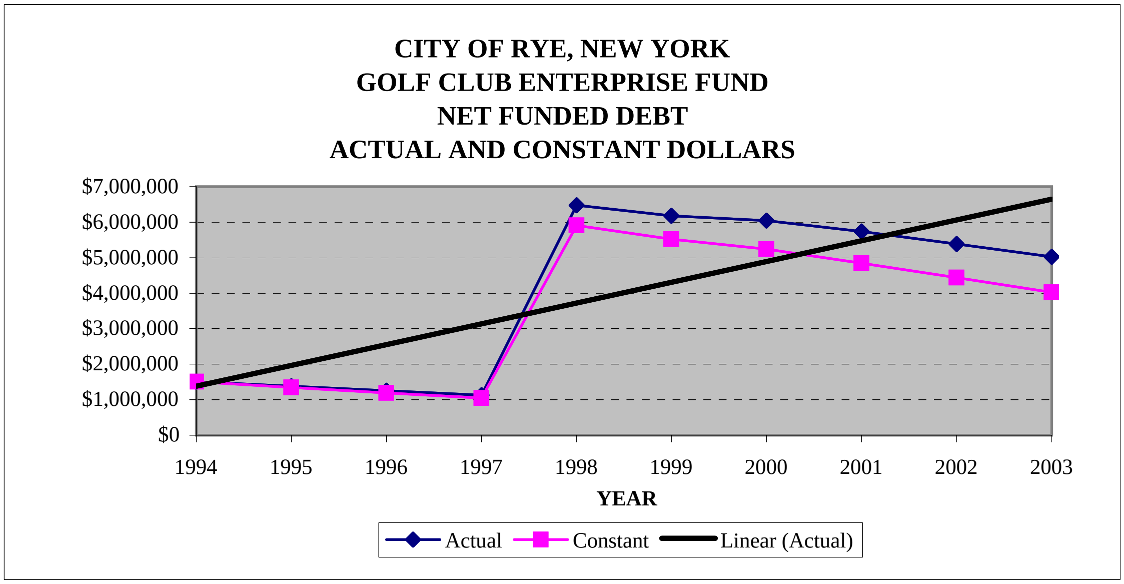

| Year | CPI-U | Long-Term Debt Actual | Long-Term Debt Constant |
|---|---|---|---|
| 1994 | 158.2 | $1,375,000 | $1,375,000 |
| 1995 | 162.2 | $1,250,000 | $1,219,174 |
| 1996 | 166.9 | $1,125,000 | $1,066,357 |
| 1997 | 170.8 | $1,000,000 | $926,230 |
| 1998 | 173.6 | $6,275,000 | $5,718,347 |
| 1999 | 177.0 | $5,975,000 | $5,340,367 |
| 2000 | 182.5 | $5,665,000 | $4,910,701 |
| 2001 | 187.1 | $5,350,000 | $4,523,624 |
| 2002 | 191.9 | $5,000,000 | $4,121,939 |
| 2003 | 197.8 | $4,610,000 | $3,687,068 |

Long-term debt was on the decline at the Golf Club until 1998, when $5,400,000 was issued in the 1998 Series A and B serial bonds. Since then no new debt has been issued, and long-term debt is once again in a declining (positive) trend.

## Golf Club Enterprise Fund
## Net Funded Debt

***Formula:*** Long-Term Debt + Accrued Interest Payable

***Warning Trend:*** Increasing trend line



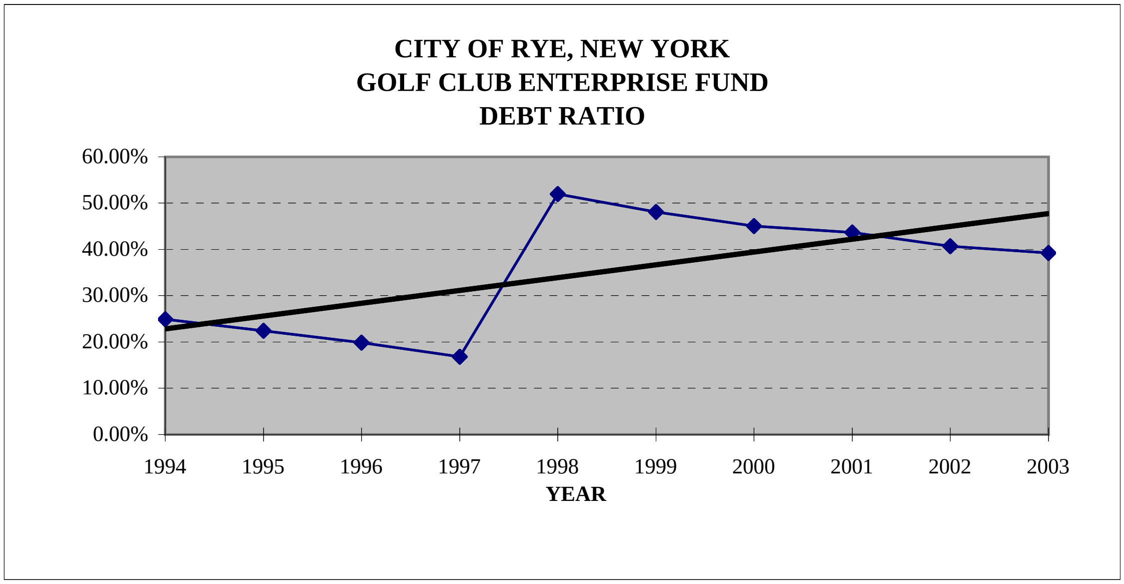

| Year | CPI-U | Net Funded Debt Actual | Net Funded Debt Constant |
|---|---|---|---|
| 1994 | 158.2 | $1,504,405 | $1,504,405 |
| 1995 | 162.2 | $1,379,038 | $1,345,030 |
| 1996 | 166.9 | $1,253,671 | $1,188,321 |
| 1997 | 170.8 | $1,128,304 | $1,045,069 |
| 1998 | 173.6 | $6,480,022 | $5,905,181 |
| 1999 | 177.0 | $6,179,650 | $5,523,280 |
| 2000 | 182.5 | $6,041,831 | $5,237,357 |
| 2001 | 187.1 | $5,733,847 | $4,848,181 |
| 2002 | 191.9 | $5,385,802 | $4,439,989 |
| 2003 | 197.8 | $5,027,528 | $4,021,006 |

Net funded debt is defined as long-term debt plus accrued interest payable, less any amount applicable to such debt in a debt service fund and/or a debt reserve fund. The Golf Club does not have a debt service or debt reserve fund for its outstanding debt, and the net funded debt is higher than long-term debt due to debt interest accrued through December 31 of each year. As with long-term debt, net funded debt was on a decline until we issued the 1998 Series A and B bonds. Since no new debt has been issued since 1998, the trend is once again declining.

## Golf Club Enterprise Fund
## Debt Ratio

***Formula:*** Net Funded Debt/Net Fixed Assets + Net Working Capital

***Warning Trend:*** Increasing trend line



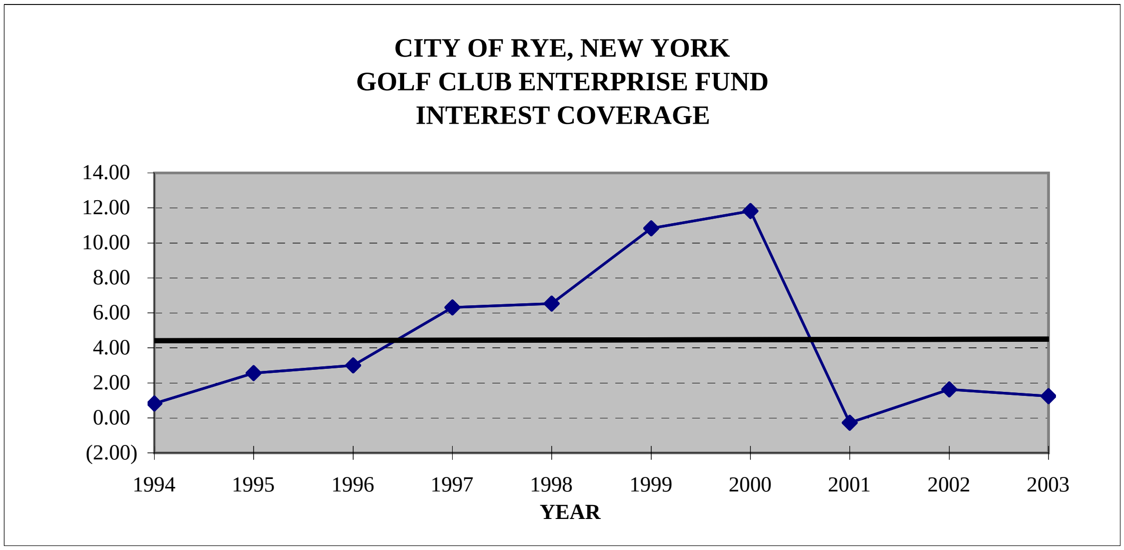

| Year | Net Funded Debt | Net Fixed Assets | Net Working Capital | Debt Ratio |
|---|---|---|---|---|
| 1994 | $1,504,405 | $6,327,409 | ($291,733) | 24.93% |
| 1995 | $1,379,038 | $6,125,017 | $20,709 | 22.44% |
| 1996 | $1,253,671 | $6,172,957 | $141,485 | 19.85% |
| 1997 | $1,128,304 | $6,298,243 | $421,455 | 16.79% |
| 1998 | $6,480,022 | $6,653,096 | $5,819,041 | 51.96% |
| 1999 | $6,179,650 | $7,947,518 | $4,900,325 | 48.10% |
| 2000 | $6,041,831 | $12,326,185 | $1,094,645 | 45.02% |
| 2001 | $5,733,847 | $12,564,687 | $568,712 | 43.66% |
| 2002 | $5,385,802 | $12,135,286 | $1,093,292 | 40.71% |
| 2003 | $5,027,528 | $11,887,096 | $918,558 | 39.26% |

As with our outstanding debt indicators, the debt ratio was on a decline until 1998. With the issuance of the 1998 Series A and B serial bonds, the ratio jumped from 17% to 52%, but has been declining since.

## Golf Club Enterprise Fund
## Interest Coverage

***Formula:*** Net Revenues/Debt Interest

***Warning Trend:*** Decreasing trend line



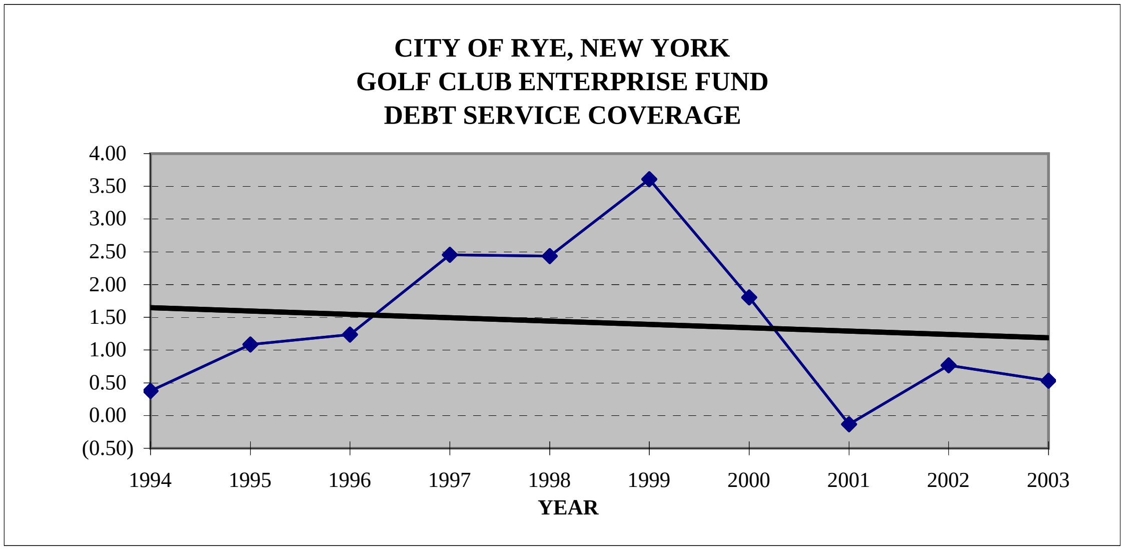

| Year | Net Revenues | Debt Interest | Interest Coverage |
|---|---|---|---|
| 1994 | $86,392 | $105,963 | 0.82 |
| 1995 | $235,051 | $91,895 | 2.56 |
| 1996 | $262,913 | $87,937 | 2.99 |
| 1997 | $502,254 | $79,563 | 6.31 |
| 1998 | $485,039 | $74,166 | 6.54 |
| 1999 | $676,456 | $62,441 | 10.83 |
| 2000 | $639,205 | $54,066 | 11.82 |
| 2001 | ($82,579) | $301,156 | (0.27) |
| 2002 | $459,680 | $283,850 | 1.62 |
| 2003 | $327,398 | $265,329 | 1.23 |

Debt interest coverage for the Golf Club over the ten-year trend period is flat, rising through fiscal 2000, dropping precipitously in 2001 due to negative net income that year, rising in 2002 but again falling in 2003. This indicates the importance of ensuring that future results show a positive net income. Assuming no new debt is issued, debt interest coverage would be expected to increase as debt interest costs decrease and net income increases.

## Golf Club Enterprise Fund
## Debt Service Coverage

***Formula:*** Net Revenues/Debt Principal + Debt Interest

***Warning Trend:*** Decreasing trend line



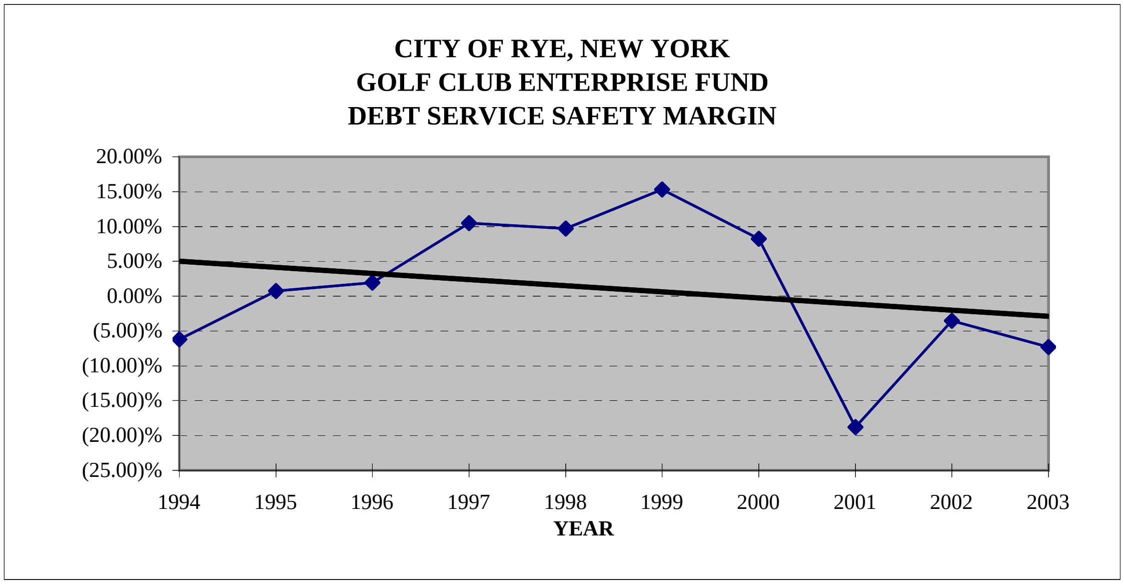

| Year | Net Revenues | Debt Service | Debt Service Coverage |
|---|---|---|---|
| 1994 | $86,392 | $230,963 | 0.37 |
| 1995 | $235,051 | $216,895 | 1.08 |
| 1996 | $262,913 | $212,937 | 1.23 |
| 1997 | $502,254 | $204,563 | 2.46 |
| 1998 | $485,039 | $199,166 | 2.44 |
| 1999 | $676,456 | $187,441 | 3.61 |
| 2000 | $639,205 | $354,066 | 1.81 |
| 2001 | ($82,579) | $611,156 | (0.14) |
| 2002 | $459,680 | $598,850 | 0.77 |
| 2003 | $327,398 | $615,329 | 0.53 |

Debt service coverage for the Golf Club clearly warns us of a negative trend. As in the debt interest coverage indicator, the fiscal 2001 negative operating results contributed to a decline in debt service coverage in that year, and the results of 2002 and 2003 do not display a strong return to a positive trend. Future budgets and operations must address this issue in order to avoid negative long-term consequences.

## Golf Club Enterprise Fund
## Debt Service Safety Margin

***Formula:*** Net Revenues - Debt Service Requirements/Gross Revenues + Income

***Warning Trend:*** Decreasing trend line




| Year | Net Revenues | Debt Service | Gross Revenues | Debt Service Safety Margin |
|---|---|---|---|---|
| 1994 | $86,392 | $230,963 | $2,330,119 | (6.20)% |
| 1995 | $235,051 | $216,895 | $2,524,560 | 0.72% |
| 1996 | $262,913 | $212,937 | $2,589,189 | 1.93% |
| 1997 | $502,254 | $204,563 | $2,833,582 | 10.51% |
| 1998 | $485,039 | $199,166 | $2,941,891 | 9.72% |
| 1999 | $676,456 | $187,441 | $3,191,484 | 15.32% |
| 2000 | $639,205 | $354,066 | $3,459,579 | 8.24% |
| 2001 | ($82,579) | $611,156 | $3,691,753 | (18.79)% |
| 2002 | $459,680 | $598,850 | $3,928,570 | (3.54)% |
| 2003 | $327,398 | $615,329 | $3,939,988 | (7.31)% |

The debt service safety margin measures the "cushion" we have to cover debt service. It considers our net income, less debt service requirements, and divides this by our total income. An increasing safety margin is a positive trend. Our Golf Club margin has deteriorated, and as noted in other indicators, we must ensure sound planning and positive operating results if we wish to preserve our ability to meet our debt service requirements.